

**SUBCOMMITTEE HEARING: IS THE VETERANS
CORPORATION PREPARED TO PROVIDE
ENTREPRENEURIAL DEVELOPMENT ASSISTANCE
TO SERVICE MEN AND WOMEN
RETURNING FROM IRAQ AND AFGHANISTAN?**

**SUBCOMMITTEE ON INVESTIGATIONS
AND OVERSIGHT
COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF
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WEDNESDAY, MAY 2, 2007

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON INVESTIGATIONS & OVERSIGHT
Washington, DC.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 2360 Rayburn House Office Building, Hon. Jason Altmire [Chairman of the Subcommittee] presiding.
Present: Representatives Altmire, Gohmert.

OPENING STATEMENT OF CHAIRMAN ALTMIRE

ChairmanALTMIRE. I'm pleased to call to order this morning's hearing on the Preparedness of the Veterans Corporation to Provide Entrepreneurial Development Assistance to Servicemen and Women Returning from Iraq and Afghanistan.

The Committee is concerned about the country's ability to fully meet the needs of our nation's Veterans. I believe that we owe no greater debt to the men and women in uniform and to date over 600,000 Veterans have come home from Iraq and Afghanistan.

Given the significant number of returning service members, it's critical that they're afforded every opportunity for economic success at home. And to ensure that the emerging needs of Veterans from the Iraq and Afghanistan Wars are being met, this hearing today will focus on the effectiveness of the National Veterans Business Development Corporation.

Congress created the Veterans Corporation in 1999 to help Veterans transition their skills and leadership experience into economic success. Its mission is to provide entrepreneurial development resources for these heroic Americans to start small businesses. The organization operates customized small business assistance programs including access to capital and entrepreneurial development resources.

Today, we will examine the Veterans Corporation's level of readiness to meet the emerging needs of Veterans. This Committee wants to work with all involved to ensure that the Corporation can fulfill its mission.

Within the last few years, the organization significantly changed its operations, shifting much of its service delivery responsibilities to public and private entities such as the SBA's Veterans Business Outreach Centers. There has been great unease about the organization as it implements its remaining direct services. The Veterans Corporation services should be reflective of the needs of Veterans returning from Iraq and Afghanistan.

In addition to generating rapid growth in the sheer number of Veterans returning, the wars being waged in Iraq and Afghanistan have affected the composition of our nation's Veterans. For example, 30 percent of these troops represent the National Guard and Reservists; 1 in 5 are now service-disabled; and 15 percent are women. This unique composition of Veterans creates unique needs as many return and seek economic stability through entrepreneurial opportunities.

The Veterans Corporation must operate new programs for service-disabled and female Veterans and its reservist programs should be expanded. It's clear that as Veterans continue to turn to the Corporation, it must respond appropriately to meet these emerging needs. We also need to reduce the Corporation's dependence on its partners for the delivery of Veteran services. Many of the Veterans Corporation's partners have not created programs that address the needs of the current composition of separating service members.

The Veteran population requires customized assistance to be successful in starting or expanding these endeavors. By delegating the responsibilities, the organization has become less accountable in its service delivery performance. Outreach efforts have also lagged. Currently, one third of Veterans have no knowledge of programs targeted to them to promote small business entrepreneurship.

The Veterans Corporation should utilize its resources more effectively and efficiently through improvements in its operational strategy.

With more and more Veterans returning home from abroad and re-entering civilian life, I will continue to work to ensure the resources they deserve as will the other Members of the Committee. I look forward to the witnesses' comments on the emerging Veterans' needs and the Veterans Corporation performance in fulfilling them. And I wanted to make clear before our witnesses today and thank you all for being here, that we're here to help you achieve your mission. This is not an effort to play gotcha in any way. We're here to see if we can identify ways that this Committee can help you and work with you in achieving the goal that we all know is important, of helping these Veterans when they come back, returning into entrepreneurship activities.

So thank you all and I now recognize Ranking Member Gohmert for his opening statement.

OPENING STATEMENT OF MR. GOHMERT

Mr. GOHMERT. Thank you, Mr. Chairman, I do appreciate your having this hearing and I appreciate the witnesses being here. It's obviously important or you wouldn't have gone to this trouble and we appreciate your efforts.

I want to particularly welcome a constituent of mine, my dear friend, Allan Cain, for making the trip to testify before the Committee and I'll be introducing him a bit later.

But as a U.S. Congressman and former Captain in the U.S. Army, one of my top priorities is to ensure that our nation's military service Veterans receive the help and care they need and deserve. As I repeatedly said, any nation that fails to honor those who have honored it with their service will not remain a nation much longer.

As I visit with small business owners in my District in East Texas, I'm continuously shocked at the increasing costs and number of procedural hoops that small business owners must deal with just to open their doors in the morning. Without any assistance in navigating the difficult process of starting a small business, Veterans may end up paying more, the process taking longer, or worse, the Veteran may not open a small business at all.

According to Census estimates, about 4.2 to 5.5 million small businesses are owned by one or more U.S. Veterans. With the increased number of troops necessary for U.S. military operations abroad, there will no doubt be an increase of Veterans returning to the country, entering the job market and beginning a small business. It is essential we do our part here to ensure the transition from the service to small business is as simple and trouble free as it can possibly be.

Again, thank you, Mr. Chairman, for holding this hearing and I look forward to hearing from our panel of distinguished witnesses. Thank you.

ChairmanALTMIRE. I ask unanimous consent that the record will be open for five days for Members to submit their statements. Hearing no objection, so ordered.

So I'd like to first, before I introduce the witnesses, extend a warm welcome to a constituent of mine, Mr. Jim Clair, who took the time to appear at the hearing today.

Jim, could you stand up? Mr. Clair is a former U.S. Marine and a current member of the Army National Guard which he just recently rejoined at the age of 40. He is also an owner of a driving school business and I want to thank him for being here because there's thousands and thousands of Veterans who are benefiting from small business entrepreneurship, but I can think of no better example than Jim Clair. And I appreciate you being here.

Our first witness today is Mr. Blackwell. He is President and CEO of the National Veterans Business Development Corporation. The Veterans Corporation was established in 1999 to provide entrepreneurial development services for our nation's Veterans and I want to thank you, Mr. Blackwell, for being here and we look forward to hearing your remarks.

STATEMENT OF MR. WALTER BLACKWELL, PRESIDENT AND CEO, NATIONAL VETERANS BUSINESS DEVELOPMENT CORPORATION

Mr.BLACKWELL. Chairman Altmire, Ranking Member Gohmert and distinguished Members of the Subcommittee, thank you for giving me this opportunity to testify before you today.

I request that my written testimony, along with a copy of TVC's annual report be entered into the official record.

ChairmanALTMIRE. Without objection.

Mr.BLACKWELL. My name is Walter G. Blackwell. I'm President and CEO of the Veterans Corporation and a Navy Veteran. I'm joined today by two of our three ex officio members of the board, Linda Oliver, representing Defense Secretary Gates; fellow panelist, Bill Elmore, representing SBA's Administrator Preston; Scott Deniston, representing Secretary of Veteran Affairs Nicholson wanted to be here today, but his schedule did not permit.

Together, these agencies and TVC are creating and delivering tools and opportunities for Veteran entrepreneur success. Joe Sharpe, also on this panel here today, from the American Legion and Joe serves as chairman of TVC's Veteran Service Organization Council. Bill Ferguson, sitting behind me of the Iraq-Afghanistan Veterans of America, our newest member of that VSO, is also in attendance today.

Today, you've asked us is the Veterans Corporation, TVC, prepared to provide entrepreneurial development assistance to servicemen and women returning from Iraq and Afghanistan. Our answer is a resounding yes. The Veterans Corporation is uniquely positioned to assist our nation's Veterans. The needs of Veterans returning from the current conflict are really no different from the needs from past conflicts, however, this set of servicemen and women, returning from Iraq and Afghanistan, is the first set of Veterans comprised of those who embrace and implement on-line electronic tools for communications and education.

TVC has made extensive efforts over the last several years to accommodate this fact in creating and assembling an on-line tool box for business in transition. TVC has leveraged the knowledge and experience gained in delivering face-to-face programs, education, mentoring and counseling since 2001 by expanding the essential elements of business education, mentoring and counseling into on-line deliverables. During the summer of 2006, we further enhanced TVC's website to provide a straightforward format to access the extensive resources available to today's Veteran entrepreneurs. Details of these programs can be found in my written testimony.

Iraq and Afghanistan Veterans, like Veteran entrepreneurs from all generations, have three critical business needs: access to capital, access to bonding, and access to education through coursework, mentoring, and counseling. TVC's status as a 501(c)(3) organization has allowed us to create valuable mentored public/private program partnerships not available through any current government agency. Two of TVC's private sector partners are with me today: Jim Mingey, President and CEO of the National Economic Opportunity Fund. Jim operates TVC's access to the capital program and works with Veteran entrepreneurs who need business loans, financial assistance or strategic financial planning. Also joining me is Lynn Schubert, President and CEO of the Surety and Fidelity Association of America. Lynn and her organization facilitate TVC's fully mentored access to bonding program providing Veteran entrepreneurs involved in contracting fields such as construction with a complete set of bonding products.

TVC continues to fund three Veteran business resources: in St. Louis, Missouri; Flint, Michigan; and Boston, Massachusetts. The Committee will hear from Lou Celli, the head of our Boston hub this morning. Lou is currently working with a soldier recovering from a traumatic brain injury at Walter Reed, who is interested in opening a Dunkin' Donuts franchise.

Let me give you just one example of our current work with a newly returned Veteran. David Barker is an Army Reservist currently in San Diego, California where he is recovering from injuries that he sustained while fighting in Iraq June 11, 2005. His goal, when he leaves the military next month, is to return to his home town and run his family's collision, paint, and repair shop. Jim Mingey flew to El Paso, Illinois to meet and talk to David and his family and discuss their business plans and financial needs. David estimates that he'll need approximately \$265,000 for a building and two years of salaries and expenses. Jim's currently working with David to get that financing.

In my remaining time, I'd like to highlight two significant new programs. First is our Boots to Business Transition Skills for Success. Boots to Business is a comprehensive on-line resource providing educational workplace training, transitioning skills, and Boots to Business combines the elements from successful programs used independently in thousands of vocational schools, job training centers, community college, detention and correctional facilities, Job Corps Centers, and adult education programs nationally. TVC has integrated the best of these elements into a cohesive, interactive, on-line program.

TVC has also launched a comprehensive new program Deploy-proof Your Business, designed to assist members of the National Guard and Reserve in protecting their businesses before they're deployed. Deploy-proof Your Business includes sections on suspending or sustaining your business, as well as a comprehensive section comparing the two options side by side. With helpful tools, links, checklists and other on-line resources, this site is developed as an on-going program to answer the questions and frustrations many National Guardsmen and Reservists have when they leave their businesses for deployment.

With us today is also Jim Clair, introduced by the Chairman previously. And we're delighted that Jim works with us and we hope to assist him as he prepares for his own deployment in the future.

Mr. Chairman, I'd be happy to answer any questions you or other Committee Members may have. Thank you.

[The prepared statement of Mr. Blackwell may be found in the Appendix, on page 30.]

ChairmanALTMIRE. Thank you, Mr. Blackwell.

The second witness is Mr. William Elmore. He's the Associate Administrator for the Veterans Business Development at Small Business Administration. He heads the Office of Veterans Business Development, administers the Veterans Business Outreach Center, and is an ombudsman for Veterans Affairs at the agency.

Welcome, Mr. Elmore.

STATEMENT OF MR. WILLIAM ELMORE, ASSOCIATED ADMINISTRATOR FOR THE VETERANS BUSINESS DEVELOPMENT, UNITED STATES SMALL BUSINESS ADMINISTRATION

Mr.ELMORE. Thank you, sir. Chairman Altmire and Ranking Member Gohmert, distinguished Members of the Committee, thank you for your invitation and the opportunity to share with this Committee the initiatives of the U.S. Small Business Administration with regard to our efforts to support and assist the success of Veterans, National Guard and Reservists, as well as to share with you some of the assistance that we are presently providing to members of the U.S. military who have been or who may be activated for the global War on Terror.

I am Bill Elmore, the Associate Administrator for Veterans Business Development. Before I begin my testimony, I would like to express my deepest sympathy for the loss of your colleague and a Member of this Committee, Congresswoman Juanita Millender-McDonald.

On behalf of Administrator Preston and the SBA, I want to thank you for the opportunity to be able to share some of SBA's accomplishments over these past six years. On January 24, 2007, Administrator Preston and Office of Federal Procurement Policy Administrator Dennett, jointly issued a memorandum for heads of departments and agencies. This memorandum expressed SBA's broad commitment to enhancing all of our entrepreneurial programs and services for our nation's brave service members, more specifically those members returning from duty in the global War on Terror, who are injured or disabled.

SBA's Office of Veterans Business Development plays an important role in assisting and supporting Veteran entrepreneurs, however, it is important to note that SBA support efforts go beyond the activities of my specific office.

To keep SBA's commitment to our service members, we have tasked our loan programs, our business counseling and training programs, and our procurement assistance programs with expanding and improving services for Veterans and specifically service-disabled Veterans. We have significantly increased loans to Veterans. The number of new loans to Veterans has grown from 4,800 in FY 2000 to approximately 8,000 in FY 2006.

Prime contracts have a three percent government-wide federal procurement goal established by Public Law 106-50 for small businesses owned and controlled by service-disabled Veterans. In addition, 106-50 establishes a best efforts clause for Veterans in federal procurement at the subcontracting level. Though the Federal Government has yet to achieve the required three percent goal, it is making progress towards accomplishing it. In 2004, President Bush issued Executive Order 13360 to strengthen opportunities in federal contracting for service-disabled Veteran-owned small businesses. Preliminary data shows that SBA and the Department of Veterans Affairs both exceeded the three percent goal for SDV small businesses in Fiscal Year 2006. This accomplishment demonstrates leadership by example and represents a significant improvement for both agencies over our achievements in FY 2005.

The number of small businesses owned by SDVs who are expressing interest in federal procurement by registering in Govern-

ment Central Contractor registration has grown significantly and continues to grow.

I wanted to share with you that SBA is strengthening our full range of programs, including our Small Business Development Center program, SCORE; our Women's Business Center program; our Veterans Business Outreach Center program that you mentioned; our Special District Office Outreach Initiative; our Surety Bond Guarantee program. We're going to be implementing a new match-making initiative very soon, specifically for Veterans and service-disabled Veterans and we're strengthening the role that our Procurement Center representatives play in the whole federal procurement arena, specifically for Veterans and service-disabled Veterans.

I would now like to speak to SBA's efforts to assist small business owners who are members of reserve components that have been or may be affected by activation. In FY 2001, we began offering and continue to promote a disaster loan program as one tool that can be of great assistance to an activated reservist business owner. I am proud to report to you that SBA initiated and continues to lead the federal effort to conduct outreach, develop assistance for and design program efforts to enhance pre- and post-mobilization business planning, lending and other assistance for small business owners who may be at risk of economic damage when activated.

In the wake of September 11, 2001, attacks on America, we established an SBA working committee to coordinate agency outreach and service delivery to Reservists. In 2002, we took several steps to assist Reservists by creating the Reserve and Guard Fact Sheet which has been distributed to hundreds of thousands of mobilizing and de-mobilizing Reservists, as well as establishing a special webpage specifically for Reserve and Guard Members.

We have also produced and we have distributed in excess of 40,000 of what we refer to as our Reserve and Guard kits which is at least at last state of production, comprehensive, compilation of all the services and programs of SBA and every other agency organization that we could find across America. And those were included in there.

It is important to note that we include Reservists with Veteran status in our Community Express Loan Program presently and last year Congress enacted our proposal for the authority to include Reservists in our definition of Veteran for purposes of our comprehensive outreach program. We recognize the importance of supporting and maintaining the civil skills of the self-employed Reservists involved in the global War on Terror as our nation's efforts against terror continue. We understand the importance of SBA's programs in providing assistance and support to our brave men and women and we are proud of the efforts of service-disabled Veterans, Veterans and Reservists and we intend to continue our aggressive efforts on their behalf.

And I want to thank you for this opportunity to testify before you today. I am proud of the progress we have made and we look forward to continuing to assist our brave men and women who unselfishly serve our nation proudly.

This concludes my testimony, and I welcome any questions you may have. Thank you.

[The prepared statement of Mr. Elmore may be found in the Appendix, on page 43.]

ChairmanALTMIRE. Thank you, Mr. Elmore.

Our third witness is Mr. Joseph Sharpe, Jr. He's the third witness. He is the Deputy Director of the National Economic Commission for the American Legion. The American Legion, which has nearly three million members was founded as a community-service organization in 1919 to assist war-time Veterans.

We're honored to have you here today, Mr. Sharpe. We look forward to your testimony.

**STATEMENT OF MR. JOSEPH SHARPE, JR., DEPUTY DIRECTOR
OF THE NATIONAL ECONOMIC COMMISSION, AMERICAN LEGION**

Mr.SHARPE. Mr. Chairman and Members of the Committee, I appreciate this opportunity to share the views of the American Legion on whether the Veterans Corporation is prepared to provide entrepreneur development assistance to servicemen and women returning from Iraq and Afghanistan.

American Legion views small business as the backbone of the American economy. It is the mobilizing force behind America's past economic growth and will continue to be the major factor as we move well into the 21st century.

Presently, more than 9 out of every 10 business firms produce approximately half of the gross national product. Currently, over one half of the nation's workforce is employed by small business with the average company employing approximately 11 persons.

Small businesses created by some estimates, 60 percent to 80 percent of the net new jobs, therefore providing a central element for strong economic growth. Government should assist in the creation of new jobs by encouraging qualified entrepreneurs to start and expand their small businesses. No group is better qualified or deserving of this type of assistance than our Veterans.

Congress enacted the Veterans Entrepreneurship and Small Business Development Act of 1999, Public Law 106-50 to assist Veterans and service-connected disabled Veterans own businesses by creating the National Veterans Business Development Corporation. In the beginning of its inception, the Veterans Corporation created a Veterans Entrepreneur Training program to provide and foster successful Veteran entrepreneurship within the Veteran Business Committee. But this program no longer exists.

Currently, the organization's main efforts have been to provide distance learning education, would-be Veteran entrepreneur training and how to start and expand their own businesses to include training and finance, accounting, and contracting. The Veterans Corporation has gone through a number of mission and staffing changes since its inception. Its latest vision to assist Guard and Reserve in transitioning members of the Armed Forces and their families with establishment of their own businesses. However, the Veterans Corporation and the American Legion are currently involved in the discussion on the best method or methods of assisting these

deserving Veterans. TVC has in the past stressed creating on-line education programs to assist Veterans with obtaining basic literacy skills hosted by other third-party organizations. Their current plans are to create an on-line platform to match Veterans with entrepreneur education and career opportunities and to provide grants to small business development centers around the country and other business development organizations to specifically assist Veterans.

In conclusion, the American Legion realizes the National Business Development Corporation created through Public Law 106-50 was uniquely positioned to provide American Veterans with superior entrepreneurship training and business resources that shows them how to start or grow a business and in turn contribute to the economic well-being of the nation. The American Legion believes that the Veteran Corporation has not fulfilled all the mandates of Public Law 106, and is actively moving away from those mandates into a different direction by focusing their efforts and funding on on-line entrepreneur programs they believe would maximize their available resources and reach more returning Veterans. Therefore, the American Legion strongly recommends that the Small Business Administration Office of Veterans' Business Development, be the lead agency to ensure Veterans returning from Iraq and Afghanistan are provided with entrepreneur development assistance. Comprehensive training should be handled by SBA, and augmented by TVC's on-line training. The American Legion strongly supports the mandates of Public Law 106-50 that were designed to assist all Veterans wishing to start or expand their businesses and to protect their businesses.

If there's a true desire to assist Veterans returning from Iraq and Afghanistan in developing small businesses, we must work together to enforce the mandates of Public Law 106-50.

Mr. Chairman, this concludes my testimony. I appreciate the opportunity to present the views of the American Legion.

[The prepared statement of Mr. Sharpe may be found in the Appendix, on page 49.]

ChairmanALTMIRE. Thank you, Mr. Sharpe.

Our fourth witness today is Mr. Louis Celli. He is the founder and CEO of the Northeast Veterans Business Resource Center which trains Veterans to start and grow small businesses. He is also chair of the Advisory Committee on Veterans Business Affairs which provides advice to the Administrator of the Small Business Administration, Congress, and the President.

Welcome, Mr. Celli.

**STATEMENT OF MR. LOUIS J. CELLI, JR., CHAIRMAN,
COMMITTEE ON VETERANS BUSINESS AFFAIRS**

Mr.CELLI. Good morning, Chairman Altmire, Ranking Member Gohmert, and distinguished Members of this Committee. Thank you for the invitation to come before you and share my experiences and work within the Veteran business-owner community. I'm a 22-year Veteran of the United States Army, a disabled Veteran and I've started two businesses. I am the chairman, as you've mentioned, of the SBA's Veterans Small Business Advisory Committee,

and the vice chairman of the American Legion's Small Business Task Force.

My company, the Northeast Veterans Business Resource Center is headquartered in Massachusetts and has an office at Walter Reed Army Medical Hospital. We're a nonprofit organization that teaches, coaches, and mentors Veterans to start and grow micro enterprises and small businesses and we receive our funding from the Veterans Corporation.

Over the past four years, we've served over 4,000 Veterans through counseling, seminars, and formal classroom-style training.

I'm here today to offer testimony on behalf of these clients as well as to offer you the benefits of research and opinion of our Veterans Small Business Advisory Committee which was established under the same public law, Public Law 106-50 that created the Veterans Corporation.

The question before the Committee today is: is the Veterans Corporation prepared to provide entrepreneurial development, assistance, to service men and women returning from Iraq and Afghanistan? In my opinion, the answer would have to be no. The Veterans Corporation has neither the reach nor the funds to adequately address the needs of the growing number of Veterans interested in entrepreneurship.

Congress, and specifically, this Committee, have been working for Veteran business owners for years. This issue and specifically the Veterans Corporation is as important to our Veterans as it is to you. Public Law 106-50 was written as a plan, a plan to assist self-employed Veterans and encourage entrepreneurship.

At the time 106-50 was written, a number of federally-funded programs were already in place and available to Veterans. Small Business Development Centers, Procurement and Technical Assistance Centers, better known as PTACs, SCOR, Women Business Centers, and yet, Congress finds the following and I read directly from Public Law 106-50, "Veterans of the United States Armed Forces have been and continue to be vital to the small business enterprises of the United States. In serving the United States, Veterans often face great risks to preserve the American dream of freedom and prosperity. The United States has done too little to assist Veterans, particularly service-disabled Veterans in playing a greater role in the economy of the United States by forming and expanding small business enterprises. The medical advances"—and this is especially true now seven years later today—"and new medical technologies have made it possible for service-disabled Veterans to play a much greater role in the formation and expansion of small business enterprises in the United States. The United States must provide additional assistance and support to Veterans, to better equip them to form and expand small business enterprises, thereby enabling them to realize the American dream they fought so hard to protect.

Each of the entities created by 106-50, the SBA's Office of Veterans Business Development, the VA's Office for Veterans Enterprise, the SBA Veterans Business Advisory Council, the Veterans Corporation, and the Veterans Representative for SCOR and all the others were established solely for the purpose of expanding the eligibility for certain small business assistance programs to include

Veterans, directing certain departments and agencies of the United States to take action that enhanced small business assistance to Veterans and establish new institutions to provide small business assistance to Veterans or to support the institutions that provide such assistance.

The Veterans Corporation specifically was established to expand the provisions and improve access to technical assistance regarding entrepreneurship for the nation's Veterans and to assist Veterans including service-disabled Veterans with the formation and expansion of small business concerns, by working with and organizing public and private resources including those of the SBA, the Department of Veterans Affairs, the Department of Labor, the Department of Commerce, Department of Defense, SCOR and the Business Development staffs at each department and agency of the United States.

And"—and this is most important—"in carrying out the purpose described in Public Law 106-50, the Corporation shall establish and maintain a network of information and assistance centers for use by Veterans and public."

In 2004, TVC had built up to I believe it was 12 contracted resource partners delivering hands-on training and entrepreneurship programs around the country. By February 2006, they had consolidated to eight regional hubs and today they've been reduced to three.

In the past six years, TVC has been through four leadership changes, four logo and branding changes, and at least as many business models. Within the past two years, TVC has focused on a variety of different initiatives, each more spectacular than the last: an elaborate self-paced-de-learning project, SUNY University, University of Maryland, the Veterans Economic Opportunity Fund, TVC's Governors and Mayors Advisory Council, the Veterans Business Directory, a Mobile Entrepreneurial Resource Center, branded and sponsored by NASCAR, professional artists and announcers providing and donating recorded PSAs and the virtual business center just to name a few.

To date, none of these projects have assisted Veterans and over the years, the only success stories and clients presented as accomplishments in the fruits of the labor continue to be that of the resource centers.

House Report 106.206 that accompanied Public Law 106-50 references the Veterans Corporation's most significant and single purpose is to establish an independent network, a nationwide network of business assistance and information centers for Veterans. Chairman Talent, on June 23, 1999, at the mark-up hearing for H.R. 1568 said the following in response to a question/comment from Congressman Pascrell. "The gentleman exposed a little secret behind this bill. I think these, the Veterans Assistance Centers, are in effect going to empower the Veterans community to advocate effectively on their own behalf. Then you're going to see agencies and also the Congress sit up and take notice and give them a high priority."

On September 9, 1999, Chairman Talent's statements in the House of Representatives included in the following, in a section by section analysis of H.R. 1568, a section entitled "To Establish a

Federally-Chartered Incorporation, TVA, for the Purpose of Guiding and Monitoring Public and Private Sectors' Initiatives and to Assist National Veterans in their Efforts to Form and Grow Small Businesses. The most significant purpose of the corporation will be to work with the public and private sectors and to establish independent nationwide network of business and assistance in information centers. These centers represent one third of TVC's total direct access to working with clients and already stretched to the limit."

Our center employs two full-time employees, two part-time employees, three volunteers. Our area spans the six New England States, New York, and Washington, D.C. We have one resource center in Boston and a training and counseling office at Walter Reed. We've received over \$200,000 in donations this year, including over 30 desk top computers, 15 laptops, 7 servers, a resource library which would rival that of any small business library, complete with over 300 audio and video training programs.

Over the past four years, we've provided training and seminars to over 4,000 clients from all over the country. We've developed partnerships with major companies and organizations. We've received support and donations from a wide variety of corporate and federal donors and in 2007 our funding from TVC was reduced by 20 percent.

TVC doesn't actually work with clients, the resource centers do. Their website is a collection of links which all lead to third-party activities. TVC maintains that they should not be required to create a fourth network. That's us.

What this means is that they don't believe they should be required to support the community-based training resource centers and in their own words they're trying to get away from Public Law 106-50. As you can see from my previous testimony, this corporate direction is in direct conflict with the spirit and intent of the law.

I have four recommendations to offer this Committee as you consider re-authorizing the National Veterans Business Development Corporation. Remove the training mission and professional certification board mission from TVC and place that mission with the SBA's Office of Veterans Business Development with the licensing certification mission belonging to the Advisory Committee on Veterans Business Development; have future nominees to the board of directors of the Veterans Corporation proposed to the Chairman and Ranking Member of the Committees of Small Business and the Committee of Veterans Affairs of the House of Representatives and the Senate be recommended through the Advisory Committee on Veterans Business Affairs; assign a permanent oversight committee to monitor the progress of programs of the National Veterans Business Development Corporation to ensure compliance with congressional directive and Public Law 106-50. And lastly, a flagship resource center should be created here in D.C., this center should be established for the purpose of training, meetings and conferences and should be offered to use to the Veterans entrepreneurial training community as a resource.

The resource centers created and supported by TVC, St. Louis, Flint, and Boston, have made a significant impact in the area of Veterans entrepreneurial development and Veterans advocacy. Unless Congress has a plan to grow and support these centers inde-

pendently of TVC, it would be detrimental to Veterans on a national level to continue to underfund this organization. The Committee on Veterans Business Development, as well as my organization, stands ready to assist this Committee with detailed suggestions for these recommendations should you wish to pursue them any further.

Thank you very much for your time.

[The prepared statement of Mr. Celli may be found in the Appendix, on page 53.]

ChairmanALTMIRE. Thank you, Mr. Celli, and since our final witness, Mr. Cain, resides in our Ranking Member's District, I'm going to allow him to make the introduction.

Mr.GOHMERT. Thank you, Mr. Chairman. It's my pleasure to introduce a constituent of mine, Mr. Allan Cain, who is owner of Carthage Self-Storage and a distinguished Veteran of the United States Army. I'm just kidding, he was a Marine, too.

(Laughter.)

And actually, I was delighted to hear a former Marine would come back into the U.S. Army, actually after 9/11, I called the recruiting office in Tyler, Texas and said I was interested in coming back at 47 years of age or so and they said well, how old are you and I told them and they said that's a little beyond the 35. I said now I know people that are in older than 35 and they said well, you can come in if you can deduct your years of service from your age and get to 35 and I said well, let's see. I was in for four years, I'm not sure that I get there. But anyway, I'm greatly respectful of anybody that's served our country in the Armed Services and that includes Mr. Cain's honorable service in the United States Marine Corps.

He's a member of the Texas Mini-Storage Association, a former board member of the Panola County Chamber of Commerce. He's a member of the Carthage Lion's Club and a former police officer. Has a Bachelor's degree in Criminal Justice from Sam Houston State University and it was from '67 to '70 that he served honorably in the United States Marine Corps. Currently a member of the VFW and formerly served as the Veteran Service Officer from Panola County so is quite familiar with helping Veterans on Veterans' issues.

He gained valuable experience dealing with the broad array of Veterans' issues in that capacity. So I didn't realize until we got into this that we don't provide the transportation costs to witnesses so that makes it even more impressive that someone would take time out of their schedule to come. So we appreciate your being here. This is a man who has dealt with the issues, is out there on the ground. We have folks here that care about Veterans. Like I said, I tried to come back into the service, but not able, so I had to revert to a far less honorable course of service here in Congress.

Anyway, we appreciate all of you, but Allan, appreciate your being here.

**STATEMENT OF MR. ALLAN CAIN, CARTHAGE SELF-STORAGE,
OWNER**

Mr. CAIN. Chairman Altmire and Ranking Member Gohmert, and other Members of the Subcommittee for having me here today, it's an honor to testify before each and every one of you.

I live in a rural East Texas town with a population of 6200. Our area is predominantly an oil and gas business with very limited resources for Veterans wishing to strike out into the small business world. Although I was fortunate in my entrepreneur ventures in that I had a co-signer for my first business, I worked very closely with many East Texas Veterans in the numerous organizations and positions I've been in including the Veteran Service Officer for Panola County.

I've seen firsthand the helplessness that overcomes many Veterans as they return to a world that has sped past them. As a combat decorated Veteran, I experienced the difficulties and the troubles with adjusting to fit back in a society that left me behind. I was able to finish college and enter into the workforce, but all the while coming from a three and a half year delayed start, with heavy combat experiences whose effects continue to challenge me today.

As most Veterans in a rural community, I had no background for business administration. I understood work and results. But conducting business with the public, navigating the complicated tax code, contracts, payroll, operating schedules, learning curve on ordering supplies, and ordering reliable supplies, employee issues and not enough money to turn a profit was a challenge. Especially when frustration and lack of understanding cost you money that you've worked hard for.

It can often develop into pressure that ends up in bankruptcy and large legal tabs. A strong work ethic, coupled with a forgiving God, got me through to where I am today. Most Veterans I know are good at their specialty, reliable and understand pushing through, but get very lost when having to confront starting a business, especially with little capital to put into a business while still putting food on the table at home.

I believe that in the mind of the Veteran, when they hear "assistance" they hear someone is going to help me. But instead, they get such a volume of paperwork in a language that is foreign to them they just lay it aside. I believe that just a small amount of help navigating the bureaucratic obstacles will go a long way in providing Veterans returning from Iraq and Afghanistan with a start they need to re-integrate into our great nation.

An important first step for any organization wishing to provide assistance to returning Veterans is an effective outreach program. Outreach has always been a challenge when delivering information to those who could benefit. How would anyone get the intended information and even if they get it, they may not remember it two years from now?

First, we must look at who are the targets, where do they live, how do we get to them, hopefully without recreating the wheel, sources could be tapped to place the information as close as possible all the while understanding fiscal restraints.

In my opinion, there are a few steps of an effective outreach program. One, again, with numerous lending institutions that participate or can direct a Veteran to a program that will benefit the most. Get the information into the hands of those who will be in front of the Veteran when they drop by. Don't make it only the job of the Veteran to know and understand all the options that he qualifies for.

Two, State Veterans Service Commissions would be a great resource for the dissemination of information. The great State of Texas has possibly the finest Commission for Veterans in the United States. The organization has offices throughout the state and also is solely responsible for training and certifying County Veteran Service Officers. Again, these are the folks who see the Veteran face-to-face.

Finally, there's an enormous volume of information given to transitioning Veterans. This information is often overwhelming and leads to more confusion than it's worth. This information needs to be precise and distributed to the Veterans from the folks that will help them transition most effectively.

Another important step would be for an extensive education program that will be designed to give access to all Veterans. In my experience, many Veterans have limited resources and lack the understanding they need to truly understand how to begin and manage a business. It's important that Veterans be given the hands-on learning experience that they're used to from the military.

One, provide more Internet courses. There's a very effective, especially cost-effective mode of reaching and teaching Veterans. Today's technology-advanced world, many of our soldiers will be returning—and that should be Marines, I'm sorry—will be returning home from abroad with a solid understanding of computer technology. The Internet will provide a fast and cheap mode of educating these Veterans on making the transition into small business world.

Two, although the Internet has many benefits, there are many who are not computer literate. These folks should not be left out of the many benefits that they fought hard to preserve. We should have seminars and classes available to these people, possibly through their local Veterans organizations. While I understand that there will always be challenges in trying to reach out and provide education to returning Veterans, it is a service that is owed to those who gave up many years to defend our great nation. Providing effective assistance to those returning home from abroad would not only save as many Veterans from years of struggle and financial hardship, but it will boost the morale of those still fighting. They will not only have family and loved ones to come home to, but they will have the tools they need to provide better for their families.

I would like to end my testimony by saying thank you to the Government of the United States of America for its gratitude to those who serve through the military services and Coast Guard. Without the assistance of our elected officials at the national and state level, we, Veterans, would have a much more trying time in readjusting after giving so much. There is no other country or republic that honors and respects its Veterans like the United States

of America. My family and I thank you and I look forward to answering any questions you may have.

[The prepared statement of Mr. Cain may be found in the Appendix, on page 57.]

I was going to suggest that Mr. Gohmert, we will each do a five-minute round of questions and then we'll do a second round with follow-up.

Is that okay with you, Mr. Ranking Member? Okay.

So my first question is going to deal with, there's several issues involved with what you've all talked about. There's the issue of returning folks, but I wanted to focus my first set of questions on people like Mr. Clair and others who are being deployed that currently run small businesses and the issues that are associated with that side of the equation, where they have to keep this business somehow up and running during the terms of their deployment.

So my first question for Mr. Celli is the Reservists who operate the small business and are deployed face many challenges maintaining their businesses while they serve overseas. What is your experience working with these Reservists and what types of resources do they need to most effectively protect their businesses during the deployment?

Mr. CELLI. Thank you very much. That's an excellent question. The first thing that the business owner has to do is make sure that their business has been built and structured effectively to operate in their absence. What we like to do is we call this the franchise mode. So that every task, every set of daily operational procedures, are written down in some way so that the business owner can step away, the key employee can step away and somebody else can come in and pick up like an owner's manual, almost like McDonald's say, and most importantly after they leave, or before they get ready to leave, they need to make sure that their bank accounts are in order, that the right people have access to the funds so they can still make deposits to the IRS so that they can still pay their bills.

They also need to make sure that the proper legal paperwork is in place to allow people to act in their behalf, depending on whether it's a limited liability corporation or a C corporation, they can move people around accordingly. That has to happen before they even think about leaving that business in a state that can still sustain itself.

The other real concern is the customer base. The customer base in many times, especially with small businesses is reliant on the personal knowledge and the charisma of the business owner. And when that business owner leaves, there's going to be a very difficult, it's going to be very difficult for that small business to maintain that existing customer base. We see this quite frequently with professional trades such as lawyers or doctors or tax accountants, these types of professionals that have built relationships with their folks and there aren't a lot of people that can step in and take that over for them. So they have to rely on a network of support that will watch over their clients while they're gone and then have the decency to give them back when they return.

So in preparation to deploy, they have to build their business accordingly and properly which sometimes means completely rewriting their business plan and while they're gone it's going to require

a very strong hands on support network led by an organization that understands small business and can work with either the family or the rest of that business.

ChairmanALTMIRE. Thank you, and I would also ask Mr. Sharpe to address that question from the context of the changing nature of these Reservists, given who the American Legion has served in the past and now the time on active duty for many of these Reservists has doubled or greater and what you see as the challenges and the resources that would be required to keep that small business up and running during the deployment?

Mr.SHARPE. I agree with everything Mr. Celli has said. When my unit deployed to Iraq back in 2003 to 2004, I'm currently in a civil affairs unit where there were quite a few business owners, and when I first realized there was a problem was when we returned, a couple of my friends lost their businesses and others' businesses were under real financial hardship. And a result of that is all those individuals leaving the military because, of course, we're scheduled to return to Baghdad March of '08. And they just could not survive another deployment.

And I think it's a real issue. I think for Reservists who are business owners, there should be some sort of pre-plan to assist them prior to their departure. With the new realities of the way Reservists are being activated, a Reservist shouldn't, especially a business owner, shouldn't have to make the decision whether or not to serve his or her country because of their business. And that's the problem right now. And I think we definitely need more resource centers around the country. We need to have centers on a lot of military bases, VA hospitals. There should be some pre-education plan prior to a Reservist even joining the military.

ChairmanALTMIRE. Thank you. I wanted to ask you, Mr. Sharpe, one more question that will lead into my second set of questions after we hear from the Ranking Member.

In your testimony, you state that the Veterans Corporation increasingly cedes its responsibility for providing entrepreneurial development and in your opinion this responsibility should be shifted to the SBA. You suggest that this would be more effective given the agency's existing framework through its Veterans Business Outreach Centers and Small Business Development Centers.

So I wanted you to just clarify that. If I heard you correctly, that that's what you were saying and is your suggestion to shift training responsibilities to the SBA, the Veterans Corporation would permanently see a large portion of its mandate and what do you think the outcome of the Veterans Corporation would be if that change were to be made?

Mr.SHARPE. I just don't see the Veterans Corporation being able to accomplish those missions as stated currently by 106-50 with the current resources that they have. I definitely believe in hands-on training. SBA already has the SBDCs. They are already funding five Veteran Resource Centers. It doesn't make sense, I agree with the Veterans Corporation, for them to try and duplicate those services. They have seemed to develop an expertise on on-line training and I would prefer to see them excel in those things that they do best. And I definitely believe that the SBA should be the lead orga-

nization. They have the expertise. They should be provided the funding to expand and do the things that they do best.

ChairmanALTMIRE. Thank you. Mr. Gohmert?

Mr.GOHMERT. Thank you. I was going to ask Mr. Elmore, has the Small Business Administration Inspector General or any other SBA organization or official ever examined the Veterans Corporation?

Mr.ELMORE. From my understanding, sir, no. We don't have an oversight responsibility. The Veterans Corporation, obviously, is in the Small Business Act, but we view them as a partner. They're not a program of SBA. We've tried to do a lot of cooperative work with them and we have accomplished some things over the past few years. But from an oversight perspective, as I understand the way the law is written that really rests with Congress and perhaps with GAO.

Mr.GOHMERT. Are you aware of any programs in the Veterans Corporation that may be duplicative of what is offered elsewhere?

Mr.ELMORE. I don't think they're duplicative. I think the point that Joe made is probably very accurate, that there's really great value and we understand that and hands-on, face-to-face, one-on-one assistance, especially for Veterans who come back and the other testimony is correct as well. These men and women have been gone for six months, 15 months, 3, 5, 6 years. They need some assistance if they're capable of pursuing entrepreneurship as a real and viable vocation. So we focus primarily on that, but we have on-line services.

I think there is great value in an Internet overlay that helps coordinate and deliver those services because regardless of how many programs or partners we have, we cannot be everywhere. I mean the gentleman from Texas is correct. Those County Veteran Service Officers with the State Departments of Veterans Affairs, I think, are a critical piece in this whole process that bluntly, since I've come to Washington over the last seven years, there's a real disconnect between what we talk about in this town and what happens where these men and women return home to. And I think those pieces in concert with what the corporation is trying to do with a robust overlay of technical assistance and resources electronically can be a really effective and important mix.

Mr.GOHMERT. Thank you. Mr. Sharpe, has the Veterans Corporation worked with the American Legion in outreach, making known the services it has available?

Mr.SHARPE. When I returned back from Iraq, and the issue of entrepreneurship, especially with the Reserve and National Guard became so apparent, American Legion, we became more active as far as working with federal agencies that are involved in this particular situation and with the Veterans Corporation.

We've asked the Veterans Corporation and Louis Celli who works with them, as one of their resource centers, to participate in many of our workshops. We've had, last year we had our national convention at Salt Lake City and we had a two-day workshop helping those Veterans who wanted to start a business and those Veterans who —

Mr.GOHMERT. I don't mean to be technical, but you said you invited them to participate. Did they participate?

Mr.SHARPE. Yes, they did.

Mr.GOHMERT. Okay.

Mr.SHARPE. Everything we've asked SBA and the Veterans Corporation to do, they've done. They participate in practically all our programs and they've been extremely helpful to us.

Mr.GOHMERT. What kind of feedback have you heard about the effectiveness of Veterans Corporation from people entering the American Legion?

Mr.SHARPE. The workshops that we've had have been quite successful and the feedback that we've received has been positive, but the positive statements have been directed to all the federal agencies and the Veterans Corporation that you know, everyone that's participated we've received a lot of positive feedback and that went to VA, SBA, DOD and the Veterans Corporation.

Mr.GOHMERT. Thank you. Mr. Cain, do you know of particular services that could be targeted to Veterans in rural areas?

Mr.CAIN. Rural is the key, just getting these opportunities before them. We have to drive 50 miles to get to a bank that even might offer SBA services. And I think that's pretty consistent with the State of Texas and with a lot of Veterans.

Disabled Veterans, it's a real challenge.

Mr.GOHMERT. What's the best way to reach them, do you think? We heard the Internet overlay mentioned. I don't know what percentage of that's coming out, play with the Internet.

Mr.CAIN. A lot of them, if they're steered properly through the VSOs, Veteran Service Officers, and so forth, VA has a great program, probably one of their best programs that I've worked with and that was vocation rehabilitation. And they do a marvelous job from diagnostics and assessments and aptitude and they do all that stuff and so they're mostly in contact with disabled Veterans.

And then they could give them that information as an option and—or however the Committee wants to develop it, but that's—from my little perspective, that would be a great place to put the emphasis.

Mr.GOHMERT. Thank you.

ChairmanALTMIRE. We'll do one more round of questions. I wanted to give Mr. Elmore the opportunity to respond to what we were discussing and what you heard about the idea of the SBA recapturing primary responsibility for operating Veterans outreach and training programs.

Mr.ELMORE. Sir, I think my answer has to be that if we're given that responsibility and that authority, we will. Clearly, we have five centers now. I think they're effective. They provide assistance to approximately 2,000 Veterans and Reservists each year. Our Small Business Development Centers alone last year provided assistance to almost 5,000 Reservists and in '06 was the first year we got the forms changed so that we could begin to track that kind of service, not just with them, but with SCOR as well.

ChairmanALTMIRE. Is it your opinion that the SBA could do it better?

Mr.ELMORE. I don't know that I would say it better, but given the size and scope of our reach, we're already in a systematic mode where we have processes in place to go out for competition to evaluate proposals, to look at who we think could be effective in delivery and to oversee that delivery and to support it as well with

our other field resources. So in that sense, I would have to say yes, sir.

ChairmanALTMIRE. Mr. Blackwell, would you like to comment on that?

Mr.BLACKWELL. I think that two things need to be said. First of all, I certainly appreciate my other panelists and their comments. Many things I agree with, some things I do not. And I'll be happy to get back to the Committee formally in a written rebuttal if that's the easiest way to do that.

ChairmanALTMIRE. Please.

Mr.BLACKWELL. Let me just say that 1999 when 106-50 was finally placed into law was a very different economic and a very different political and a very different need for Veterans issues. Today, we're faced with monumental issues of multiple different Veterans, Veterans that are literally from the World War II era into those who will come back over the next several years. Clearly, given the resources available to TVC, as you know, our funding was cut another 25 percent last year. In previous years, going before OMB, we've taken plans to both enlarge and enhance services through our networks. Those have not been granted to us. Again, I'll refer to that in the formal rebuttal.

I would just tell you that given the resources we have chosen to deliver as many programs and opportunities as we can by being a virtual catalyst, an ability to assimilate materials already available through agencies in a more readable format and perhaps more grouped format. I think those are working well.

Currently, our board believes that given our limited resources, it's impossible to expand our network beyond the three centers we have. I do believe that a fourth network is not practical. I do believe in leveraging third party support and I believe that our status as a 501(c)(3) should be utilized to expand programs that are currently available in the public sector that can be leveraged back into the community.

One of the main issues I would leave you with, although not in my written testimony on this particular question, is that our access to bonding and our access to capital programs are in addition to those programs 7a and 7b by the SBA.

As you know, the SBA has a limit on the amount of money that can be given out into loans and limits the amount of money in bonding available to \$2 million. Our third-party programs in both of these areas have no caps. There are 50 state programs and directly mentor and guide Veterans through these very tricky processes.

It's been our experience that Veterans who go before a bank too early, without a proper business plan, and without the knowledge they need to talk to these folks, generally fail in their first approaches. Our goal is to be with them from the beginning of the process, through the middle of their businesses and obviously be there for the transitions from their businesses to other Veteran organizations.

So I would say the simple answer is given the funding, I believe that our current programs are succeeding well and we plan to leverage those in the future.

ChairmanALTMIRE. On the issue of funding, Mr. Blackwell, the charter and the mandate obviously of the organization is that you have the ability to go out and raise funds in a way that to be candid has not necessarily been fruitful yet. The numbers I had was that last year the organization spent \$230,000 on fund raising, but received back only \$150,000 in grants of which one came from \$100,000 grant. So the question is what is the reason that it hasn't been as productive as we had hoped and what can we do to help you with that process?

Mr.BLACKWELL. The simple answer is private sector funders believe that this is not a private sector issue. This is a government issue and because it was created by a public law that Congress has a definite interest in supporting the needs of our Veterans, whether that's in healthcare, whether that's well care, whether that's starting a business. They see that as an issue that Congress should address directly.

I can tell you that in my first year, I'm not approaching almost 27 months, in my first year, I approached 76 C-suite executives personally. Although all of them embraced the idea of what we were doing, none of them opened their pay books. And the reason for that is they typically see that their dollars are put into the local communities where their constituents of their companies live. Think about it kind of as a Habitat for Humanity model. We put our associates into work in communities.

I will tell you that we have been very blessed recently to become affiliated with SMA Global. SMA Global is owned by a Korean conflict Vet and SMA Global is opening doors to us that we have not had opened doors to us before, including folks like the folks at Hewlett-Packard and Aflac. I've been in meetings with them on and off for the last three or four months and we hold some promise with that. I will just tell you that generally speaking private sector does not see it as their issue and typically don't fund it.

Over the last seven years, 52 different approaches have been used to raise capital on the outside. All 52 of those were noble efforts. All 52 of those have not garnered enough dollars to even offset minimal operation expenses.

ChairmanALTMIRE. I would just say in wrapping up before I turn it over to the Ranking Member, we all agree that there is no group that should stand ahead of our nation's Veterans when it comes time to make funding decisions. There's no dispute about that and it would seem to me in moving forward that we should be in position to work with you and enhance the ability to convince some of these folks that you've been visiting that they do have a role and it is to their benefit to help businessmen in their local communities and service areas to position themselves in a way that when they're deployed that business is going to stay open and when they return, it's going to be fruitful.

So I would just say that we want to help and not just this Committee, but Congress in general. So let's just keep the discussion going on ways that we can reach out into the private sector in a way that might be a little more productive than what we've done.

Mr.BLACKWELL. We would welcome that, Mr. Chairman.

ChairmanALTMIRE. Thank you. Mr. Gohmert.

Mr.GOHMERT. Thank you. And I am glad that this Committee looks at financing situations, says that no one should stand ahead of Veterans because we're taking up the Hate Crimes Bill that came out of Judiciary last week where we've said we will not, the majority said we refuse to put Veterans in a protected class so that people are punished more severely if you attack one of this group, because they're not entitled to the same heightened protection that a transvestite with gender issues has. But we'll keep working on that.

Anyway, with regard to the raising of capital, it is a concern. You spend that much money and get less back than you spent to raise money and I can't help but draw from my own personal experiences, I hear people in East Texas talk about yeah, we want to help the Vets. I can't help but wonder if maybe if it was—if the fundraising was segmented in such a way that people could donate money that would benefit Veterans in their area, if that might not help. I don't know if the current law or organizational or corporate by-laws would permit that kind of segmentation, but Mr. Blackwell, what do you think about that concept?

Mr.BLACKWELL. Actually, we have started that initial concept through visiting with the Governors and in many cases, currently in Texas, in San Antonio, with the Mayor's Office, to talk about utilizing their offices to mobilize a local campaign where giving could be done. By-laws of our organization were changed last summer so that we could create a mentor membership category. That category allows individuals and/or organizations be they city or state, to give money and support Veteran issues.

We have one member in that category at this point. We solicit openly the support of both cities and states. As I say, we continue to meet with those folks. It's part of our outreach. It's part of our fundraising activity. And we'll continue to do that.

Mr.GOHMERT. With regard to your expenditures, it appears that over \$200,000 was spent for outside fundraising, isn't that correct?

Mr.BLACKWELL. No, that's not correct.

Mr.GOHMERT. That's in-house.

Mr.BLACKWELL. It's all in-house, yes. In fact, if you look at our annual report, you'll see that over 68 percent of TVC's budget last year was put directly back into programs and activities. The remaining number of those dollars, that \$1.5 million goes back in direct support of trying to obtain self-sufficiency as mandated by Public Law 106-50. It is an enormous effort. Also in this report you'll see all of the people we've talked to, all the reports that have been written and our success is growing, but it's very, very, very slow.

Mr.GOHMERT. So what would it take to make itself sufficient? We need some kind of tax incentive, tax advantage, something to help give you the tools to draw in capital to help the Veterans?

Mr.BLACKWELL. You already have the tax incentive available to you because we're incorporated as a 501(c)(3).

Mr.GOHMERT. But apparently it's not enough, that's what I'm saying.

Mr.BLACKWELL. That's correct. Part of the problem is that many corporations, especially large corporations, are going to use marketing dollars and/or foundation dollars to do that, so that to the

extent of the law available to them it's not a significant write off, if at all.

From a tax advantage, there's no real impetus for them to go through that.

Mr.GOHMERT. But I'm asking about potentially new tax advantages, things that we could do to help raise the capital. Obviously, what's there isn't helping.

Mr.BLACKWELL. That's correct. And I will tell you that anything Congress can do to assist in this is most welcomed.

Mr.GOHMERT. And I'm asking you what would you suggest is that anything we can do?

Mr.BLACKWELL. I don't think that having a tax incentive per se is going to encourage them. I think the vested self-interest of private corporations is just that. What's in it for that corporation, if they support this endeavor? And right now, private corporations don't seem to believe that starting Veteran businesses, basically underwriting the cost of entrepreneurship in small business is an advantage to them

Mr.GOHMERT. I guess that's why I was asking if there was any heightened tax advantage that they would see to be to their advantage to assist.

But anyway, let me throw that open to the other panelists. do you have any ideas for how we could go about raising capital from private enterprise? I realize it can be tough because in some cases you may be asking people if they mind contributing to helping set up a competitor, but —

Mr.CELLI. Thank you, sir. And we, as a 501(c)(3), we share and face some of the challenges, many of the challenges that the Veterans Corporation face in fundraising. We have our own fundraising efforts at the local level and what we find and you're probably not going to believe this, in the fundraising efforts, larger corporations have foundations that they've set up which handles their philanthropy efforts.

On those web pages, it tells you who qualifies and who doesn't and I can point to a very large number of corporations that specifically say on their foundation pages, that they will not donate to Veterans organizations. It's specifically there. And —

Mr.GOHMERT. Why is that?

Mr.CELLI. That's a good question and I asked that very question, because they group it right under the VSOs and then they put it right next to lobbying activities. So I wrote a letter and an e-mail to some of these organizations and I won't mention any right now and I asked and I said is this exclusion specifically designed to separate your company from that of lobbying activities such as Veteran service organizations because we are not, we're a training activity that reaches out to Veterans to help them start and grow businesses and I got back a very polite reply that says we've looked at your website. We've looked at your application, but we do not find that you are in our corporate giving arena. Thank you very much, have a nice day.

So I gave them the opportunity to kind of re-look at that and addressed it to no avail.

Mr.GOHMERT. Could we get a list of companies.

Mr.CELLI. I could supply that list.

Mr.GOHMERT. I think it would be interesting if America knew who took a stand against helping Veterans. But if I could get a list or the Committee could get a list, either submit it to me or the Committee, I would sure appreciate that.

Mr.CELLI. Absolutely. And the primary focus with most of these foundations is children who are seeking literacy assistance and major diseases, that seems to really be the thrust of corporate giving, so we're on the fringe and it's very difficult.

Mr.GOHMERT. I could see how that to some people wouldn't be as important that we're allowing the children and the others needing that help to live in a free country. I don't know.

Mr. Elmore, you had something before we close?

Mr.ELMORE. Yes, sir. I'd like to try to help respond. In my previous life before I came to this position, I had helped create and managed a Veterans not-for-profit community program in St. Louis for 20 years. And I for those many years looked at foundations and they're both correct. There are more foundations listed in philanthropic guides that specifically indicate they will not consider Veterans than there are foundations who say they will consider Veterans.

And if you really wanted to look at that, you might look at some of the organizations that overarch a lot of the philanthropic community like independent sectors and ask them that question. I'd love to hear their answer, just as a guy who has been doing this work for 33 years.

Mr.GOHMERT. Could you give me—after the hearing, if you could supply me the best way to get that information?

Mr.ELMORE. I'll work with Lou and help him understand at least from my previous experience, I have to be cautious because obviously I'm a federal employee and I'm not looking to attack anybody.

Mr.GOHMERT. But you're here testifying and I'm asking for your help.

Mr.ELMORE. I will do that, sir.

Mr.GOHMERT. Okay, thank you.

Mr.ELMORE. A second point, in May of 2005, the Congressional Budget Office released a paper about the effective activation on small businesses that either employ Reservists in key positions or they're self-employed Reservist small businesses. And they raised what I think was a very interesting question that nobody else has really seemed to have paid a lot of attention to. They raised a question of fundamental fairness. If I recall correctly less than one half of one percent of the self-employed people in America are Reservists. And if my numbers are correct, please don't hold me to this, I think it was either four or six percent of businesses in America employ Reservists. The question they raised was through those small businesses commitment, through USERRA responsibilities and so on, are they, those limited number of businesses in America essentially subsidizing the war effort because they incurred additional costs when they employ Reservists?

And if you wanted to look somewhere —

Mr.GOHMERT. That's a good question.

Mr.ELMORE. It's a place that I thin really deserves more scrutiny and more exploration and take a look at what might be doable, if you will, to help spread that cost out across the entire American

economy, as opposed to just those businesses that specifically employ Reservists.

I think that's an area that could take another looking at.

Mr.BLACKWELL. Congressman Gohmert, it occurs to me that perhaps a two-plan that would allow companies and individuals to take 100 percent tax donation, much like the Katrina 100 percent tax deduction was in the fall of 2005 might be a good option. This would encourage individuals and companies, I think, to leverage their donations.

Mr.GOHMERT. You know, any structuring following the example of relief to Hurricane Katrina would probably not be a good idea.

Mr.BLACKWELL. No. Just a similar program like that. It could be structured in a completely different manner, but a program that would benefit at 100 percent those individuals who gave.

Mr.GOHMERT. Thank you.

ChairmanALTMIRE. That will conclude the hearing. I want to thank the panelists. We heard some different points of view on how to achieve a goal that I know that we all agree on. I look at this hearing as the first step in this Committee's investigation and offer to help what's going on, but I do want to just reiterate the fact that this is not a one-time hit for us. We want to work with you moving forward. We want to help improve the program and most of all we want to make sure that these returning servicemen and women who want to get into small business and want to have the resources and the ability to do that and pursue an entrepreneurial career are able to do so and I know that you share that as well.

Thank you for coming today and we look forward to continuing the discussion.

[Whereupon, at 11:20 a.m., the hearing was concluded.]

JASON ALTMIRE, PENNSYLVANIA
CHAIRMAN

LOUIE GOHMERT, TEXAS
RANKING MINORITY MEMBER

Congress of the United States
U.S. House of Representatives
Committee on Small Business
Subcommittee on Investigations and Oversight
2361 Rayburn House Office Building
Washington, DC 20515-6315

STATEMENT
of the
Honorable Jason Altmire, Chair
Committee on Small Business
Subcommittee on Investigations and Oversight
Hearing on "Is the Veterans Corporation Prepared to Provide Entrepreneurial Development
Assistance to Service Men and Women Returning from Iraq & Afghanistan?"
May 2, 2007

I am concerned about the country's ability to fully meet the needs of our veterans. I believe that we owe no greater debt than our debt to the men and women in uniform. To date, over 600,000 veterans have come home from Iraq and Afghanistan. Given the significant number of returning service members, it is critical that they are afforded every opportunity for economic success at home.

To ensure that the emerging needs of veterans from the Iraq and Afghanistan wars are being met, the hearing today will focus on the effectiveness of the National Veterans Business Development Corporation. Congress created the Veterans Corporation in 1999 to help veterans transition their skills and leadership experience into economic success. Its mission is to provide entrepreneurial development resources for these heroic Americans to start small businesses. The organization operates customized small business assistance programs, including access to capital and entrepreneurial development resources.

Today, we will examine the Veterans Corporation's level of readiness to meet the emerging needs of veterans. One thing is clear: we are not "out to get" the Veterans Corporation. This committee wants to work with all involved to ensure that the Corporation can fulfill its mission.

Within the last few years, the organization significantly altered its operations, shifting much of its service delivery responsibilities to public and private entities, such as the SBA's Veterans Business Outreach Centers. There has been unease over how the organization implements its remaining direct services.

The Veterans Corporation's services should be reflective of the needs of veterans returning from Iraq and Afghanistan. In addition to generating rapid growth in the sheer number of veterans, the wars being waged in Iraq and Afghanistan have affected the composition of our veterans. 30 percent of troops from these wars represent the National Guard and reservists; 1 in 5 are service disabled; and 15 percent are women. This unique composition of veterans creates unique needs as many return and seek economic stability through entrepreneurial opportunities.

The Veterans Corporation must operate new programs for service-disabled and female veterans and its reservist programs should be expanded. It is clear that as veterans continue to turn to the Corporation, it must respond appropriately to meet these emerging needs. We also need to reduce the Corporation's dependence on its partners for the delivery of veteran services. Many of the Veterans Corporation's partners have not created programs that address the needs of the current composition of separating service members. The veteran population requires customized assistance to be successful in starting or expanding their endeavors.

By delegating responsibilities, the organization has become less accountable in its service delivery performance. Outreach efforts have also lagged. Currently, one-third of veterans have no knowledge of programs targeted to them that promote entrepreneurship. The Veterans Corporation should utilize its resources more effectively and efficiently through improvements to its operational strategy.

With more and more veterans returning home from abroad and re-entering civilian life, I will continue to work to ensure they receive the resources they deserve. I look forward to the witnesses' comments on the emerging veterans' needs and the Veteran Corporation's performance in fulfilling them. Thank you.

Statement of Ranking Member Louie Gohmert

Subcommittee on Investigations and Oversight

House Small Business Committee

**Hearing on Whether the Vets Corps is prepared to provide
development assistance to service men and women returning
from Iraq and Afghanistan?**

Wednesday, April 2, 2007

Mr. Chairman, thank you for holding this important hearing on The Veterans Corporation and its capability to provide development assistance to service men and women returning from Iraq and Afghanistan. I want to particularly welcome a constituent of mine, Mr. Allan Cain, for making the trip to testify before the committee (who I'll be introducing later).

As a United States Congressman and former Captain in the U.S. Army, one of my top priorities is to ensure that our nation's military service veterans receive the help and care that they need and deserve. As I have repeatedly said, any nation that fails to honor those who have honored it with their service, will not remain a nation much longer. As I visit with small business owners in my Congressional District in the East Texas area, I am continuously shocked at the high costs and number of procedural hoops that small business owners must deal with just to open their doors in the morning. Without any assistance in navigating the difficult process of starting a small business, Veterans may end up paying more, the process may take longer, or worse, the Veteran may not choose to open their small business at all.

According to Census estimates, about 4.2 to 5.5 million small businesses are owned by one or more U.S. veterans. With the increased number of troops necessary for U.S. military operations abroad, there will undoubtedly be an increase of veterans returning to our country; entering into the job market and beginning small business. It is essential that we do our part here to ensure that the transition from the service into the small business community is as simple and trouble-free as it possibly can be.

The Veterans Corporation was created to provide "significant assistance to entrepreneurial veterans." It is our duty, now, to ensure that the Veterans Corporation is providing transitioning veterans with the tools they need to be successful in today's marketplace and to illustrate where the problems lie with entrepreneurial veterans such as Mr. Cain. With the help of those testifying here today, we can hopefully provide constructive ideas to effectively address these problems.

Mr. Chairman, I appreciate your holding this hearing. I look forward to hearing from our witnesses, and to working with you on finding ways to provide all of our nation's veterans with the best service and care as they seek to transition from the military into the business world as small business owners and employees. We have a civic responsibility to remember and honor the brave men and women in our armed services who have served and sacrificed so much for our freedom. Veterans are owed our utmost respect and help. Thank you Mr. Chairman and I yield back the balance of my time.



Veteranscorp.org

Statement of

**Walter G. Blackwell
President/CEO**

National Veterans Business Development Corporation

Before the Hearing of the

**Subcommittee on
Investigations and Oversight
Committee on Small Business**

United States House of Representatives

With Respect To

**“Is the Veterans Corporation (TVC) prepared to provide
Entrepreneurial Development Assistance to service men and women returning from
Iraq and Afghanistan?”**

Washington, D.C.

May 2, 2007

The Veterans Corporation • 1625 K Street, NW, Suite 750 • Washington, DC 20006

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The National Veterans Business Development Corporation

Chairman Altmire, Ranking Member Gohmert, and distinguished members of the Subcommittee, good morning and I thank you for giving me the opportunity to testify before you today. My name is Walter G. Blackwell, and I am the President and CEO of The Veterans Corporation and a Navy Veteran.

Today you have asked us, "Is the Veterans Corporation (TVC) prepared to provide Entrepreneurial Development Assistance to service men and women returning from Iraq and Afghanistan?" The answer is a resounding yes.

The Veterans Corporation is positioned to assist all of our nation's Veterans, including those recovering from wounds sustained in Iraq and Afghanistan. The needs of Veterans returning from the current conflict are really no different from the needs of Veterans from past conflicts; however, it is clear that this generation of Veterans is more technologically savvy than even those who returned from Desert Storm in 1991. Remember, too, that those service members who might have died in the jungles of Vietnam or the beaches and fields of prior battles are now returning to the hospitals and sun rooms of dozens of military facilities across this nation to heal their minds and bodies. They have the opportunity to decide how they want to spend the rest of their lives, and roughly 15 percent of these Veterans—maybe more—will decide they want to become Entrepreneurs. These Veterans have seen the world. They know about hard work and grueling hours. They have, Mr. Chairman, faced down death, and now they want to return home, be with their families, and start their own businesses to support themselves and their communities.

Since 2001, more than 1.4 million American service members have served in the wars in Iraq and Afghanistan. Approximately 410,000 of these troops were National Guardsmen and Reservists. As of April 5, 2007, about 26,000 troops were serving in Afghanistan and 154,000 troops were serving in Iraq. The force currently in Iraq or deploying in the next few months represents half of the Army's combat brigades.

At least 420,000 troops have deployed more than once, including 170,000 Army soldiers, 169,000 Marines, and 84,000 National Guardsmen and Reservists. As many as nine National Guard combat brigades will be sent on their second combat tour this year. More than 600,000 Iraq and Afghanistan vets have left the military and are now eligible for VA care.

These Veterans, like Veteran entrepreneurs from all generations, have three critical business needs:

- Access to Capital
- Bonding
- Education through coursework, mentoring and counseling

In response, TVC has developed comprehensive programs to directly address and fulfill those needs in Veteran entrepreneurs nationwide. These programs are the result of valuable partnerships with private sector organizations. Mr Chairman, TVC's status as a

501(c) (3) organization has allowed us to form important relationships, which provide significant assistance to our Veterans, especially those returning from Iraq and Afghanistan.

These overarching programs coupled with traditional face-to-face mentoring and counseling delivered through TVC's three Hub locations in St. Louis, Missouri, Flint, Michigan and Boston, Massachusetts form a strong base in supporting our returning service men and women from Iraq and Afghanistan.

Two of TVC's private sector partners are with me today. Jim Mingey, President/CEO of the National Economic Opportunity Fund (NEOF), operates TVC's Access to Capital program and works with Veteran entrepreneurs who need business loans, financial advice, or strategic financial planning. Lynn Schubert, President/CEO of the Surety and Fidelity Association of America (SFAA). Lynn and her organization facilitate TVC's fully mentored Access to Bonding program providing Veteran entrepreneurs involved in contracting fields such as construction with a complete set of bonding products.

Also joining me today is Dr. Leonard Hall, President and CEO of IMPACT Education. Dr. Hall also serves as Chairman of TVC's Educational Advisory Council and has been the driving factor in assembling the eighteen preeminent authors and providers of on-line educational offerings that are available to our Veterans in a program called "Boots2Business" to be discussed later in my testimony. Joe Sharpe is here today from the American Legion, and Joe serves as Chairman of TVC's Veteran Service Organization (VSO) Advisory Council. Mr. Patrick Campbell of the Iraq Afghanistan Veterans Association, our newest member of the VSO Advisory Council is also in attendance.

Let me give you just a few examples of our current work with newly-returned Veterans:

David Barker is an Army Reservist currently in San Diego, CA, where he is recovering from injuries sustained while fighting in Iraq on June 11, 2005. His goal, when he leaves the military, is to return to his hometown and run his family's collision repair shop along with a custom paint operation. David's hometown of El Paso, Illinois is not exactly a bustling metropolis. Located more than two hours from Chicago, it is the quintessential American small town and the place where David plans to run his own business. After a few conversations between TVC and David, it was clear he needed capital in order to make his business dreams come true, so Jim Mingey headed out to El Paso to help. Rather than provide the impersonal service that has become too common in business nowadays, Jim wanted to meet Mr. Barker first hand in order to provide the best service possible. Jim met with David and his family to discuss his business plan and financial needs. David estimated that he needs approximately \$40,000 for the building and \$225,000 for two years of salaries and expenses. Jim walked the family through the steps to securing a loan, and David expects to be back in El Paso early this summer to achieve his goal and start his own business. TVC and our Access to Capital program is the reason David will be able to achieve his goal, and we will continue to assist David and his family over the next few years as his business needs evolve.

Dawn Halfaker is a 2001 West Point graduate and an all-American basketball player and soldier. In Iraq, on June 19, 2004, a rocket-propelled grenade was shot into the armored Humvee carrying Dawn, leaving her badly wounded and causing her to lose her right arm. Following recovery from her wounds, Dawn set up Halfaker and Associates, LLC. Her company focuses on mission support for the War on Terrorism in the areas of Homeland Security, Emergency Management, Physical Security, Force Protection/Anti-Terrorism, Intelligence and Border Security. Dawn's strong background has been a tremendous asset to her business, but she needed financial assistance and strategic financial advice. Through TVC, Dawn began working with Jim Mingey, who is providing her with the financial insight and counseling she needs. TVC will continue to support and mentor this Veteran and her business.

Mr. Barker and Ms. Halfaker are just two examples of Iraq and Afghanistan Veterans we work with. Others include the family of Billy Brown and his mother Terry Brown. When VetBizCentral (our Flint, Michigan CBO) called Terry, she fought back tears when she answered the phone. The normally upbeat resident of Harrison, Michigan feels as if the world sits on her shoulders as she tries to keep her family business, Timberlane Cleaners, operating. Her son, Billy, deployed to Iraq last July with the 144th M.P. unit from Owosso, Michigan. Billy was *the* key employee at the family-owned business, and his absence has left a huge void. To make things worse, Terry's husband, Russell, suffered a stroke, and there have been multiple equipment failures at the family-owned Laundromat and dry cleaner. "Billy was vital to the business," Terry said to Ed Ronders, the director of TVC's CBO. "He's due to come home on leave this summer, but I don't know if we can make it," she said, fighting back the tears. "I've contacted Senator Levin's office and Senator Debbie Stabenow's office. We need help." TVC is working hard to provide the help that Terry and Billy need to keep their business up and running. Terry has just started working with VetBizCentral and is researching the possibility of an SBA Military Reservist Economic Injury Disaster Loan along with other bridge loan possibilities.

In addition to the programs I have already described, TVC is currently providing Veterans with a wide range of tools and resources to match their specific business needs and goals directly through TVC's web portal. These programs are designed to quickly address Veteran business questions and issues. The home page is formatted with direct links to both TVC offerings and important partner links with agency ex-officio members, including VA's Center for Veteran Enterprise, the SBA, DoD and other key providers of service.

Mr. Chairman, service men and women returning from Iraq and Afghanistan comprise the first set of Veterans who embrace and implement on-line electronic tools for communication and education. TVC has made extensive efforts to accommodate this fact in creating and assembling on-line tools for business and transition. The following are programs aimed at not only the returning Veteran but their families who face transitional issues as well.

Boots 2 Business – Transitional Skills for Success

Boots2Business www.boots2business.com is a comprehensive on-line resource, providing education and workplace training that is uniquely tailored to meet the needs of America's military personnel including those in theater in Iraq and Afghanistan, as well as Veterans, members of the National Guard and Reserve, Service-Disabled Veterans, and their families. Boots2Business combines elements from successful programs used independently in thousands of vocational schools, job-training centers, community colleges, detention and correctional facilities, Job Corps centers and adult education programs nationally. TVC has integrated these elements into a cohesive and interactive online program that provides support to the basic, transitional, workforce, family and entrepreneurial needs of Guard and Reserve Veterans, Service-Disabled Veterans, and their families.

This program has five key areas:

- Basic Skills, Catching up/Stepping up
- Transition Skills, Job and Career Preparation
- Workforce Success Skills, Getting a job and keeping it
- Entrepreneurial Skills, Start and Grow a small business
- Family Resource Center, Life and family support

Within these five sections are 31 clusters with 1,000 course lessons and many tutorials to guide the student through their specific needs. Access to this site is in the form of a scholarship to the Veteran and their family. Each scholarship is for one year and is provided by granting organizations or by TVC directly. The cost for each scholarship is \$100. Were a Veteran to purchase access to all the elements of Boots2Business without TVC, the cost would exceed \$132,000 per year.

TVC currently has 300 scholarships for Veterans and Service-Disabled Veterans in New Jersey that are provided by the Henry H. Kessler Foundation. TVC is directly sponsoring a block of 600 scholarships divided equally between its three hubs. Each hub will coordinate a state-wide outreach giving Boots2Business a four-state network. An additional 200 scholarships have been made possible through a grant from NEC Foundation of America for national outreach. TVC is currently working with a number of corporations and foundations to extend this valuable scholarship program to all Veterans and their families. TVC is also proud to be supportive of Boots2Business' commercial site, Tools4Transition www.tools4transition.com. This site echoes Boots2Business and is available to our nation's Mayors and Governors who wish to enable underserved, underrepresented and out-of-sequence learners in their journey to improve their position in life.

Deploy Proof Your Business

TVC has launched a comprehensive new program, Deploy Proof Your Business, designed to assist members of the National Guard and Reserve in protecting their

businesses when they are deployed. “Deploy Proof Your Business” includes sections on suspending and sustaining your business as well as a comprehensive section comparing the two options side-by-side.

With us today is Jim Clair, of Cranberry Township, Pennsylvania. Jim, a former United States Marine, 1983-1987, is the owner of Ultimate Defensive Driving School. Jim joined the Pennsylvania Army National Guard last year at age 40 specifically to fight the War on Terror. He and his company are looking at Deploy Proof Your Business as we speak to prepare for his possible deployment to Iraq and or Afghanistan.

With helpful tools, links, checklists and other online resources, this site is developed as a complete program to answer the questions and frustrations many National Guardsmen and Reservists have when they leave their businesses. Based on the premise that the earliest preparation is the best preparation, this program will assist both new and established business owners in modifying their business plans, creating training plans, and managing inventory prior to leaving their business for an extended and often indefinite period of time. This program in no way replaces instruments from SBA or other organizations. It does, however, place in one location access to all the current programs available. TVC will introduce this free site to all Guard & Reserve units in a formal press release and through the state Guard & Reserve directors. Dr. Raymond Jardine, TVC’s Vice Chairman has the responsibility for 14 Western states and will assist the TVC staff in getting out the word and acting as a catalyst for new information, contacts and issues we need to address to keep the site current.

Owner-Operator Class – Becoming an independent owner operator

Many service men and women returning from Iraq and Afghanistan have had the opportunity to acquire skills in transportation during their service. Today there are excellent opportunities for these Veterans in over-the-road transportation. TVC, Metropolitan Community College-Blue River, and the Owner-Operator Independent Drivers Association (OOIDA) have formed a partnership to provide Veterans and Service-Disabled Veterans with entrepreneurial training through a three-day seminar designed to assist Veterans seeking to become owner-operators. The seminar provides information about the process of becoming an owner-operator, helps potential owner-operators overcome challenges they face, and helps Veterans form reasonable expectations about being an owner-operator. The seminar is taught by experts in each field through OOIDA’s experienced staff. It is a practical but intense seminar geared not only for drivers, but for their spouses, who want to better understand what it is to become an owner-operator and be successful. Earlier this year we conducted the first seminar. With the success of this event, a second seminar is planned for the fall of 2007.

ConnectVets Business Forum

ConnectVets Business Forum is a mentored on-line meeting place for Veteran entrepreneurs to interact with each other through a peer network. The Forum is a place where Veterans can post business questions, offer advice, and share business experiences.

Monitored by volunteer Veteran business owners and TVC staff, the Forum is designed specifically for the growing community of Veteran entrepreneurs with topics covering everything from education to business plans to government contracting and more. The program launched the second week of March, and reports show that 68,000 unique hits resulted in its first two weeks alone.

d-VETS (Disabled Veterans Entrepreneurial Training Solutions)

Through a grant from the Henry H. Kessler Foundation, TVC is providing New Jersey's Service-Disabled Veteran entrepreneurs with comprehensive support in starting or growing small businesses. The mission of the program is to foster and promote opportunities for Service-Disabled Veterans to gain self-sufficiency through entrepreneurship by providing participants with education, mentoring, access to capital, and access to surety bonding. This program is designed as a state model that can be replicated nationwide to serve America's Service-Disabled Veterans. As mentioned earlier, the Kessler grant provides 300 Boots2Business scholarships to New Jersey Veterans.

Virtual Business Incubator

The Veterans Virtual Business Incubator (VBI) created for TVC by Knowledge Industries is a complete one-stop resource for Veteran entrepreneurs starting or growing a small business. The VBI guides Veterans through business ownership with customized support tools and the ability to search by state for local business resources. In FY 2006 this on-line tool saw 8,000 direct business connections through its 300,000 unique hits.

Virtual Business Resource Center

TVC, in partnership with SCORE, created a Veteran front-end portal to assist Veteran entrepreneurs in getting the one-on-one support they need to become successful in their business ventures. Through this direct link on TVC's website, Veterans are able to access SCORE's network of experienced and qualified mentors who can answer business questions, provide advice, and offer guidance. TVC is seeing between 350 – 600 links daily through this partnership. TVC and SCORE believe this is a key advantage for service men and woman returning from Iraq and Afghanistan as they pursue their dreams for business ownership through entrepreneurship.

Transition Assistance Program (TAP)

TVC was asked by the Department of Defense (DoD) last August to write a new section of the TAP Manual for Active Duty and Members of the Guard and Reserve. Information about entrepreneurship and the assistance available from TVC and SBA is now included in the "Active Duty Preseparation Guide," as well as the "Transition Guide for the Guard and Reserve". As a result, all separating military members will have the opportunity to learn about the programs and services TVC provides and actually start planning their business venture prior to their separation from the service. Active military can already

access this information on the DoD's TurboTAP web site www.TurboTap.org, while members of the Guard and Reserve can begin accessing this information on May 31, 2007. We understand that DoD plans a formal rollout of these programs on June 9th.

Iraq/Afghanistan Service-Disabled Veteran Entrepreneur Internship program

TVC is working to launch an Iraq/Afghanistan Service-Disabled Veteran Entrepreneur Internship program with Walter Reed Hospital. We remain confident that we can begin this program in the third quarter. The program has generated a great deal of interest, and TVC is currently struggling to find the right person to initiate the program.

This program will offer participants a 90-day Entrepreneurial Internship Position that will allow them to:

- Learn the viability of a business concept, develop a business plan, train in the operation of small businesses, prepare a marketing plan, and seek financial assistance
- Perform office administration duties as needed to acclimate participants to a professional working environment.
- Network with leaders in the Veteran Service community as well as successful Veteran and Service-Disabled Veteran business owners

With success in this pilot TVC plans to extend this program nationally. TVC's partner, California Disabled Veteran Business Enterprise, could facilitate efforts in California's Veteran hospitals.

Small Business Development Centers

TVC has signed an MOU with the Association of Small Business Development Centers (ASBDC) to create a national TVC/ASBDC strategic alliance with the goal of working cooperatively to enhance outreach and services to Veterans through both organizations. Veterans will be able to visit nearly 1000 local SBDC service Centers for free, face-to-face business consulting and low cost training. We look forward to our synergistic efforts with Don Wilson and his team across America.

State University of New York – SUNY

TVC and the State University of New York (SUNY) have partnered to develop a multi-layered solution that will provide Veterans throughout the U.S. with the knowledge and skills needed to launch their own businesses. We will bring together for the first time several large and experienced SUNY university-wide programs in business training, e-learning, content development, outreach and broadcasting, and focus this team on providing Veterans with the information, training, entrepreneurial skills and knowledge to create, launch and manage their own businesses and succeed as entrepreneurs.

This solution will address the broad spectrum of Veterans' readiness, from those needing the most basic remediation in school or workforce skills, accounting, business and

writing to those ready to undertake complex commercial ventures. It will be designed to engage Veterans at any level through a multi-layered solution and empower them to identify opportunities, structure a business, evaluate and secure the resources needed to sustain it, and launch and manage it.

The TVC-SUNY solution will assess individual readiness and provide Veterans with the personal tools they need to succeed in a competitive, commercial environment. Our approach is built on SUNY's success in creating learning environments through the Web, call centers, and video training to create personal, highly-engaging solutions with global reach, an approach which is necessary to serve veterans effectively and which will "crack the ice" around getting Veterans to engage and follow-through to success.

TVC's Hubs – St. Louis, Flint and Boston

TVC is happy to announce that in addition to the annual operational financial support we provide to each of our three Hubs in the form of non-competitive grants and the 200 scholarships to Boots2Business for their local use, TVC will be providing a special grant of \$10,000 to the St. Louis Hub to support the administrative costs associated with their new program "Boot Strap". The first session will be conducted in June of this year and will educate 20 Veterans interested in starting a business. Each Veteran will be required to participate in the Kauffman entrepreneurial education program and prepare a business case. At the completion of the Boot Strap program, 15 company programs will each receive \$5,000 in business start-up funding. Funding for these start-up grants is through St. Louis' Board of Directors. Boot Strap is a yet another great way for Veterans to experience a mentored entrepreneurial educational and have the ability to obtain start-up funding.

Business Matchmaking

Through a partnership with SMA Global, a Veteran owned and operated business, TVC is now a co-sponsor of their series of Business Matchmaking conducted in concert with SCORE. There are four events conducted during each calendar year with an additional two events delivered to OSDDBU and the Department of Energy. The first two events for 2007 have been held in Atlanta and Maryland. The event draws more than 1,000 companies seeking contracts with the 160 plus contracting sources in attendance. In Atlanta 2,200 interview sessions were conducted. Of the 1,000 companies 200 were owned by Veterans and Service-Disabled Veterans. Our partnership with SMA Global will bring TVC closer to Veteran and Service Disabled Veteran companies that have participated over the past three years and allow TVC to offer services quickly and directly to companies ready to activate their business plans.

"Veteran's Business Video Library"

This is a first for TVC: an online, streaming, six-video segment containing key coverage (4¾ hours) of "Veterans Doing Business with the Department of Defense". Taped last December in Dallas, Texas, this compendium is now available for all to recap the event or, for those unable to attend, to participate and gain the important information that was

provided to attendees. It is our hope that future events conducted by TVC or any agency or Veteran organization will also be available through this vehicle.

TVC Web Traffic and Hits – Six Month Historical Comparison

Mr. Chairman, if you and your staff visit our website www.veteranscorp.org, you will see a significant amount of information about the exciting programs and services that TVC is currently providing. As a result of the entrepreneurial business materials and TVC's Business Directory, TVC's website has experienced tremendous growth over the past year. Just in the last six months, TVC's website has had 1,447,279 hits with an average stay of 3:27 for the main site and 145,518 hits with an average stay of 4:28 for our business directory.

TVC FY 2006 Annual Report to the President and Congress

In TVC's Strategic Plan for FY 2006, staff members were directed to reach 10,000 Veterans directly and through TVC's partner network. TVC is pleased to report that the goal was met and exceeded. Through TVC's headquarter staff and partners, TVC attained 140% of the goal by supplying face-to-face services to 14,026 Veterans. In addition to this direct interaction, it should be noted that during the final five months of FY 2006, TVC has achieved more than 1 million hits to its new web presence at www.veteranscorp.org including 17,586 downloads of TVC materials from 224,284 page views. That equates to 100,000 unique visits, each lasting more than five minutes, an eternity in web time, yielding significant electronic outreach and support to Veterans online. Combined, it can be said that the investment made by Congress toward TVC's FY 2006 funding has reached 119,431 individuals, or almost 12 times the FY 2006 goal of 10,000.

Add to that TVC's Veteran Business Directory (3,852 unique visits lasting an average of 4:09 minutes), TVC's Virtual Business Incubator (with 300,000 unique visits and 8,000 direct referrals) and TVC's Virtual Veteran Resource Center (a new online offering only active the last two months of FY 2006 with 22,130 unique visits translating into 363 visits each day). TVC's online business offerings add another 325,982 instances of service and outreach to Veterans. Services delivered both face-to-face and electronically combine for a return on investment (ROI) serving 445,413 Veterans, or 45 times the FY 2006 goal of 10,000.

The appropriation of \$1.5 million to TVC for FY 2006 provided significant benefit to Veterans through TVC's outreach, education and mentoring, in addition to the Access to Capital and Access to Bonding programs outlined above. *Analysis of FY 2006 expenditures indicates that 21.83% on spent on G&A, 10.15% on fundraising and 68.02% were spent on program services.*

Program dollars spent by TVC in FY 2006 by state:

| | |
|--------------------|---------------|
| CA | 65,000 |
| GA | 25,000 |
| MA, ME, CT, VT, NH | 225,000 |
| MI | 175,000 |
| MO | 176,000 |
| PA | <u>50,000</u> |
| | \$716,000 |

An additional \$780,000 was spent on direct program dollars into affinity programs, state outreach, education, alliances with Veteran Service Organizations, seminars and other programs where TVC outlined its Surety Bonding and Access to Capital programs. States to which staff of TVC traveled in support of Veteran, Service-Disabled Veteran, Guard and Reserve entrepreneurs include: CA, FL, HI, IL, KY, MA, MI, MO, NC, NJ, NY, NM, NV, OH, TN, TX, UT, and WV. Beyond that, nearly all fifty states were reached through phone calls and emails between Veteran entrepreneurs and TVC headquarters staff who offered counseling, guidance, and other assistance. **Total FY 2006: \$1,496,000.**

It is important to note that TVC has cut overhead costs in our national headquarters office. In May 2006, TVC moved from offices in Alexandria, Virginia to subleased space in downtown Washington, DC, saving over \$9,000 a month in rent and phone costs. Full-time staff has been cut from a high of seventeen people to six full-time and two part-time positions. In addition, given push-back from Veterans, VSO's, and Congress, TVC has stopped charging membership fees. I would like to submit a complete copy of our 2006 Annual Report to the President and Congress for the record.

Authorization Legislation in 110th Congress

Legislation is currently being drafted by Representative Susan Davis of San Diego that would provide for a five year authorization of The Veterans Corporation that would include direct program services while acting as an entrepreneurial catalyst/ clearinghouse/ facilitator/ broker for Veterans, Service-Disabled Veterans, and members of the Armed Forces transitioning from military service in Iraq and Afghanistan into the business community.

In addition, members of Congress and their staff would like TVC to provide the Reservists, National Guard members, and their families with pre/post-deployment assistance to preserve family-owned businesses, like our Boots2Business and Deploy Proof Your Business programs. TVC would like to establish a grant-making program to assist organizations at the national, state and local levels in these important efforts. Also, we are working to form an Association for Veteran Entrepreneurship comprised of public and private sector organizations and agencies that will coordinate and maximize efforts to support America's Veteran entrepreneurs.

Congressional Staff and Members envision TVC providing the following services:

- Institute and coordinate programs and services including education, mentoring, counseling, access to capital, and surety bonding, for Veterans, Service-Disabled Veterans, members of the Guard and Reserves, and transitioning members of the Armed Forces
- Provide pre/post-deployment assistance to members of the Guard and Reserves and their families to preserve Guard/Reserve owned businesses
- Provide entrepreneurial opportunities and training for a new generation of Veterans and Service-Disabled Veterans, specifically those returning home from Iraq and Afghanistan
- Increase awareness of TVC's programs and services through targeted outreach to key stakeholders
- Create VetEntrepreneur.org, an online platform to match Veterans with entrepreneurial, education and career opportunities
- Partner with military hospitals to provide entrepreneurship and workforce training and internship programs to recovering service members and Veterans
- Serve as a liaison between organizations, agencies and other Veteran Service Providers to coordinate and facilitate Veteran entrepreneurship programs offered nationwide in the interest of maximizing available resources and encouraging collaboration

TVC would remain under the House and Senate Small Business Committees vis-à-vis Authorization and under the House and Senate Commerce, Justice and Science Appropriations Subcommittee for funding. Funding levels are proposed as follows:

TVC Budget

| Year | Programs | Grants | Outreach to Stakeholders | G and A | Totals |
|------|----------|--------|--------------------------|---------|--------|
| '08 | 0.8M | 1M | 1.5M | 0.4M | \$3.7M |
| '09 | 1M | 1.M | 1.5M | 0.5M | \$4M |
| '10 | 1M | 2M | 1.5M | 0.5M | \$5M |
| '11 | 1M | 2.5M | 1.5M | 0.5M | \$5.5M |
| '12 | 1M | 3M | 1.5M | 0.5M | \$6M |

Conclusion

Mr. Chairman, 2007 is very different year from 1999 when PL 106-50 was passed. With hundreds of service people returning from the Iraq and Afghanistan theaters, TVC's mission has become even more important than it was seven years ago.

More than 300,000 members of the Armed Forces will exit this year, thousands of whom will be Service-Disabled Veterans. As these numbers continue to grow until the end of conflict in Iraq and Afghanistan, it is imperative that the government become a dedicated partner to TVC in providing these men and women with the entrepreneurial programs and services they need to succeed as businessmen and businesswomen.

TVC's strength is in its ability to bring together the best in public and private entities to leverage scarce federal dollars in effectively and efficiently assisting Veterans, Service-Disabled Veterans, and members of the National Guard and Reserves, who want to start or grow small businesses. By benefiting from the strong resources already available from national business networks, and by eliminating duplication of efforts through strategic partnerships, TVC has the programming and the capacity to serve the needs of Veterans in all fifty states, especially those returning from Iraq and Afghanistan.

Thank you Mr. Chairman. I will be happy to answer any questions you or the Committee might have.

Testimony of

WILLIAM D. ELMORE

Associate Administrator for Veterans Business Development

May 2, 2007

Chairman Altmire and Ranking Member Gohmert, distinguished members of the committee, thank you for your invitation and the opportunity to share with this committee the initiatives of the U.S. Small Business Administration (SBA) with regard to our efforts to support and assist the success of veterans, national guard and reservists, as well as share with you our assistance for small business owners who are members of the U.S. Military and have been or may be called to active duty to support our nation's continued efforts in the war on global terror.

I am Bill Elmore, the Associate Administrator for Veterans Business Development. Before I begin my testimony, I would like to express my deepest sympathy for the loss of your colleague and member of this committee, Congresswoman Juanita Millender-McDonald.

On behalf of Administrator Preston and the SBA, I want to thank you for the opportunity to be able to share some SBA's accomplishments over the past six years. On January 24, 2007, Administrator Preston and Office of Federal Procurement Policy Administrator Dennett jointly issued a Memorandum for Heads of Departments and Agencies. This Memorandum expressed SBA's broad commitment to enhancing all of

our entrepreneurial programs and services for our nation's brave service members, more specifically, those members returning from duty in the Global War on Terror who are injured or disabled.

The SBA's Office of Veteran Business Development (OVBD) plays an important role in assisting and supporting veteran entrepreneurs. However, it is important to note that SBA's support efforts go beyond the activities of this particular office. To keep SBA's commitment to our service members, we have tasked our loan programs, our business counseling and training programs and our procurement assistance programs with expanding and improving services for veterans, and specifically service-based veterans. We have significantly increased loans to veterans. The number of new loans to veterans has grown from 4,800 in FY 2000, to approximately 8,000 in FY 2006. In addition, loans to start up businesses owned by veterans has grown substantially—nearly doubling the 1,399 7(a) loans in FY 2000 to almost 2,500 in FY 2006.

Prime contracts have a three percent government-wide Federal procurement goal established by Public Law (PL) 106-50 for small businesses owned and controlled by service-disabled veterans. In addition, PL 106-50 established a "best efforts" clause for veterans in Federal procurement at the subcontracting level. Though the Federal Government has yet to achieve the required three percent goal, it is making progress towards accomplishing it. In 2004, President Bush issued Executive Order 13360 to strengthen opportunities in Federal contracting for service-disabled veteran-owned businesses (SDVO). Preliminary data shows that SBA and the Department of Veteran

Affairs (VA) both exceeded the three percent goal for SDVO small businesses for FY 2006. This accomplishment demonstrates leadership by example, and represents a significant improvement for both agencies over their achievement in FY 2005. Final data is not yet available to confirm FY 2006 accomplishments. However, this preliminary data suggests significant improvement in achieving the three percent goal. This improvement reflects the ongoing efforts of most federal agencies, and the increasing numbers of SDV small businesses pursuing contracting opportunities.

The number of small businesses owned by SDVs who are expressing their interest in federal procurement by registering in the Government's Central Contractor Registration (CCR) has grown significantly rising from 11,013 on July 6, 2006 to – 12,627 on January 19, 2007. This is a growth rate of more than eleven percent in that six month period. At the same time, the number of small businesses registered in CCR grew from 421,209 to 428,098, a growth rate of less than two percent. Also, we are aware that while the number of service disabled veteran owned businesses (SDVOB) registering continues to increase; the average size of these businesses continues to be the smallest of all the SBA's named small business programs.

SBA is strengthening it's full range of programs including Small Business Development Centers (SBDC), SCORE, Women's Business Centers (WBC), Veterans Outreach Centers (VBOC), District Office Outreach, 7(a), Surety Bond Guaranty, Matchmaking and Procurement Center Representative (PCR) activity in an effort to improve our availability and applicability of SBA services to enhance SDV and veteran

business ownership. It is SBA's goal to help these small businesses grow and become robust through our Entrepreneurial Development programs, so that they will be ready and able, should they choose to do business with the Federal Government.

In 2002, at our request and the request of the veterans' advocacy community, the Census Bureau included in their survey of small business owners, questions regarding business owners' veteran and SDV status. For the first time, this gave an accurate count of the number of SDVOBs in the American Small Business marketplace.

I would now like to speak on SBA's efforts to assist small business owners who are members of reserve components that are, or may be affected by activation. We are extending our efforts to small business owners who are members of reserve components and have been or may be activated. In August 2001, we began offering, and we continue to promote, a disaster loan facility as one tool that can be of great assistance to an activated reservist small business owner. However, we must also recognize that this disaster loan is constrained by its very design.

In an effort to inform reservists that pre and post mobilization business planning can be critical to their economic success as business owners and reservists, we have enhanced our counseling and training programs. The most notable of these programs are: SCORE, SBDC and VBOC.

I am proud to report to you that SBA has initiated and continues to lead the Federal effort to conduct outreach, develop assistance for and design program efforts to

enhance business planning, lending and other assistance for small business owners who may be at risk of economic damage when activated. In the wake of the September 11, 2001, attacks on America, we established an SBA working committee to coordinate Agency outreach and service delivery to Reservists. In 2002, we took several steps to assist reservists by creating the SBA Reserve and Guard fact sheet, which has been distributed to hundreds of thousands of mobilizing and demobilizing Reservists, as well as establishing a web page specifically for Reserve and National Guard members. To further our commitment to our service members, we began working with the Department of Defense in a number of ways.

Along with the national and state offices of the national committee for Employer Support of the Guard and Reserve (ESGR), we have and continue to conduct training and outreach for Reservists. We are supporting the office of the Assistant Secretary for Reserve Affairs at DOD in their development of program and policy recommendations for consideration by the leadership of both DOD and SBA. We have worked with the Assistant Secretary for Reserve Affairs of the U.S. Air Force, as well with the U.S. Chamber of Commerce in their efforts to identify issues impacting small business owners, members of the Air Reserve components and their families.

It is important to note that we include Reservists with Veteran status in our Community Express loan program, and last year, Congress enacted our proposal for the authority to include Reservists in our definition of “veteran” for the purposes of our comprehensive outreach program. We recognize the importance of supporting and

maintaining the civil skills of the self-employed reservists involved in the Global War on Terror. As our Nation's efforts against terror continue, we understand the importance of SBA's programs in providing assistance and support to our brave men and women serving our country. We are proud of the efforts of both SDV, veterans and reservists, and intend to continue our aggressive efforts on their behalf.

I want to thank you for the opportunity to testify before you today. I am proud of the progress we have made, and we look forward to continuing to assist our brave men and women who unselfishly serve our Nation proudly. This concludes my testimony, and I welcome any questions you may have.

**STATEMENT OF
JOSEPH C. SHARPE JR., DEPUTY DIRECTOR
ECONOMIC COMMISSION
THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON INVESTIGATIONS & OVERSIGHT
COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
WHETHER THE VETERANS CORPORATION IS PREPARED TO PROVIDE
ENTREPRENEURIAL DEVELOPMENT ASSISTANCE TO SERVICE MEN AND
WOMEN RETURNING FROM IRAQ AND AFGHANISTAN**

MAY 2, 2007

The American Legion appreciates this opportunity to comment on the Veterans Corporation's preparedness in providing entrepreneurial development assistance to service men and women returning from Iraq and Afghanistan.

The American Legion views small business as the backbone of the American economy. It is the mobilizing force behind America's past economic growth and will continue to be the major factor as we move well into the 21st Century. Presently, more than nine out of every ten businesses are small firms, which produce approximately half of the Gross National Product. Currently, over one-half of the nation's work force is employed by small business, with the average company employing approximately 11 persons.

America has also benefited immeasurably from the service of its 24 million living veterans, who made great sacrifices in the defense of freedom, in the preservation of democracy, and in the protection of the free enterprise system. According to the Small Business Administration's (SBA) Office of Veterans Business Development in Washington, DC, the number of small-business-owning veterans has increased to more than 4 million nationwide with more than 235,000 being service-connected disabled veterans owned. They range from home-based sole proprietorships to high-tech global corporations.

In addition, due to the experience veterans gain in the military, the success rate of veteran owned businesses is higher than other non-veteran owned businesses. The current War on Terror has had a devastating impact on the military and has contributed to exacerbating this country's veteran unemployment problem, especially within the Guard and Reserve components of our military. The present unemployment rate for recently discharged veterans is double the national average. Unfortunately, many of the thousands of service members who are currently leaving the service are from the combat arms and non-skilled professions that are not readily transferable to the civilian labor market.

One way of combating unemployment is through the creation of new jobs. Small business creates by some estimates 60 percent to 80 percent of net new jobs, therefore providing a central

element for strong economic growth. Government should assist in the creation of new jobs by encouraging qualified entrepreneurs to start and expand their small businesses. No group is better qualified or deserving of this type of assistance than our veterans.

Increasingly, the growth and stability of this nation's economy is dependent on the long-term success of the small business networks across the country. However, during a time of war there is much to be accomplished. Ironically, for too many years, the very men and women who served in uniform and who stood ready to fight, and if necessary to die in order to protect and preserve our free enterprise system, were completely ignored by the Federal agency responsible for meeting their small business needs. Therefore, The American Legion welcomes the recently passed Amendment 216 that seeks to increase the SBA's budget by \$78 million, to \$671 million and Veterans Outreach Program by \$1.5 million. Funding levels have a crucial impact on the scope and quality of programs and services delivered by SBA to veteran-entrepreneurs, effecting possible success or failure of some veteran owned businesses.

The National Veterans Business Development Corporation

Congress enacted the Veterans Entrepreneurship and Small Business Development Act of 1999 (P.L. 106-50) to assist veteran and service-connected disabled veteran owned businesses by creating the National Veterans Business Development Corporation and with the assistance of the SBA. The Veterans Corporation (TVC) created a Veterans Entrepreneurial Training (VET) Program to promote and foster successful veteran entrepreneurship within the veteran business community, but this program no longer operates. Currently, the organization's main efforts have been to provide distance learning education: would-be veteran entrepreneurial training in how to start and expand their own businesses, to include training in finance, accounting and contracting. The Veterans Corporation indicates it has established a foundation for a 10-year plan to reach all 4-5 million veterans interested in entrepreneurship. The Veterans Corporation has gone through a number of mission and staffing changes since its inception. Its latest vision is to assist Guard/Reserves and transitioning members of the Armed Forces and their families with the establishment of their own businesses. However, The Veterans Corporation and The American Legion are currently involved in a discussion on the best method or methods of assisting these deserving veterans. TVC has in the past stressed creating online education programs to assist veterans with obtaining basic literacy skills hosted by other third party organizations. Their current plans are to create an online platform to match veterans with entrepreneurial education and career opportunities and to provide grants to Small Business Development Centers around the country and other business development organizations to specifically assist veterans.

Small Business Development Centers

The Small Business Development Centers (SBDC) are already funded almost \$90 million a year by SBA, and our understanding is their written agreements with SBA provide direction for their specific creation or operation of veteran, service-connected disabled veteran and reserve component member entrepreneurial assistance. The American Legion questions why they would need an additional, third party organization such as the Veterans Corporation to provide them additional funds from Congress to perform what they are already funded to deliver by SBA. If SBDCs require additional resources to enhance, improve or develop or deliver specialized

assistance to veterans and reservists, that funding process should be through their normal funding channel, the SBA. Additionally, should Congress choose to provide additional resources to SBA to enhance SBDC programs specifically for veterans and Reservists, the Office of Veterans Business Development should be part of the program design, selection and oversight process to ensure that the expertise of veterans, including the policy and program delivery and reporting requirements are designed and developed by the SBA office whose responsibility by law is veterans' business development.

Public Law 106-50

The American Legion acknowledges that the requirements of Public Law 106-50 as originally envisioned is not being met by TVC at the present time due to the scope of the mission and funding requirements. The American Legion confirms with the view that forcing TVC to duplicate or replicate preexisting services such as those provided by Small Business Development Centers (SBDC), Procurement Technical Assistance Centers and Department of Labor One Stop Centers is not prudent use of taxpayer funds, much less the limited dollars given to TVC.

Therefore, The American Legion recommends that resource training centers (St Louis, MI, Flint MI and Boston, MA) that TVC is currently providing funding for be given to the jurisdiction of the SBA veterans development office.

SBA's veterans development office is presently funding five such centers around the country and should be given the additional three. In addition SBA office should take on the responsibility of partnering with military and Veteran's Affairs hospitals, Transition Assistance Programs (TAP), State Departments of Veterans Affairs, Procurement Technical Assistance Centers, Military Family Support Centers, and Veterans Service Organizations to provide employment and entrepreneurship programs along with the addition of funding and necessary senior staff to oversee the implementation and development of such a program. TVC would operate more effectively acting as a liaison with existing associations of small business owners, and by working with SBA programs to ensure the involvement of private and successful military alumni from the business community to help support SBA's successful (re) integration of veteran and Reservist entrepreneurs into the private and public American marketplace.

On Line Development Programs

The current staff of the Veterans Corporation have focused on employing the use of the worldwide web to reach veterans. According to TVC representatives a combination of services, online and distance learning will serve the largest number of veterans needing entrepreneurial services in all fifty states. TVC expects to launch a Virtual Veterans Business Center in cooperation with SBA's Service Corps of Retired Executives (SCORE) to provide a nation-wide, market specific, person-to-person counseling service to veterans not only in America, but deployed overseas as well.

TVC has also launched a Virtual Business Incubator with the specific aim of helping National Guard and Reservists who own businesses and are currently deployed in Afghanistan or Iraq, or

any place else in the world. "Deploy Proof Your Business" is another online program specifically design to assist members of the National Guard and Reserve components in protecting their businesses prior to deployment.

The American Legion fully supports these progressive programs aimed at the technologically astute veteran.

In Conclusion

The American Legion realizes the National Business Development Corporation, created through P.L. 106-50, was uniquely positioned to provide America's veterans with superior entrepreneurial training and business resources that allows them to start or grow a business; and in turn contribute to the economic well being of the nation. The American Legion would like to reiterate that TVC has not fulfilled the mandates of P.L. 106-50 (creating new resources centers, adequately funding the three that they have and creating a board to oversee licensing and certification issues) and is actively moving away from those mandates of P.L. 106-50 by focusing their efforts and funding on on-line entrepreneurial programs, they believe would maximize their available resources and reach more returning veterans. Therefore, The Small Business Administration's office of Veterans' Business Development should be the lead agency to ensure that veterans returning from Iraq and Afghanistan are provided with Entrepreneurial Development Assistance.

Comprehensive training should be handled by SBA and augmented by TVC's on-line training. Resource Training Centers should include Departments of Defense (DoD) and Veteran Affairs (VA) faculties. Currently, many military families are suffering financial hardship, while their loved ones are recuperating in military hospitals around the country. Many spouses leave their jobs to be with that disabled service member only to watch their finances deteriorate. Seamless transition in many cases is just a wishful thought; however if business development training was offered to military members, a small home based business that is flexible could be the answer in guaranteeing a constant source of revenue for the family, in turn making them less dependent on the Federal government.

The American Legion strongly supports the mandates of P.L. 106-50 that were designed to assist all veterans wishing to start, expand or protect their business. If there is a true desire to assist veterans returning from Iraq and Afghanistan in developing small businesses, we must work together to enforce the mandates of P.L. 106-50.

Thank you, Mr. Chairman, for allowing The American Legion to provide written comments on this very important issue.

Testimony of Louis Celli
House Committee on Small Business
Subcommittee on Investigations & Oversight
"Is The Veterans Corporation Prepared To Provide Entrepreneurial Development Assistance to Service Men and Women Returning From Iraq & Afghanistan?"
May 2nd, 2007
Washington, D.C.

Good morning Chairman Altmire, Ranking Member Gohmert and members of this Subcommittee. Thank you for the invitation to come before you and share my experiences and work within the veteran business owner community.

I am a 22 year veteran of the United States Army, a Service Disabled Veteran and have started 2 businesses. I am the Chairman of the SBA's Veterans Small Business Advisory Committee and the Vice Chairman of the American Legion's National Small Business Task Force.

My company, The Northeast Veterans Business Resource Center is headquartered in Massachusetts and has an office at Walter Reed Army Medical Hospital. We are a nonprofit organization that teaches, coaches and mentors veterans to start and grow microenterprises and small businesses and we receive our funding from the Veterans Corporation. Over the past 4 years, we have served over 4 thousand veterans through counseling, seminars and formal classroom style training.

I am here today to offer testimony on behalf of these clients as well as to offer you the benefit of research and the opinion of our Veterans Small Business Advisory Committee, which was established under PL 106-50, the same Public Law which created the Veterans Corporation.

The question before this committee today, *"Is The Veterans Corporation Prepared To Provide Entrepreneurial Development Assistance to Service Men and Women Returning From Iraq & Afghanistan?"* In my opinion, the answer would have to be no. The Veterans Corporation has neither the reach nor the funds to adequately address the needs of the growing number of veterans interested in entrepreneurship

Congress and specifically this committee have been working for veteran business owners for years. This issue and specifically the Veterans Corporation is as important to our veterans as it is to you. Public Law 106-50 was written as a plan, a plan to assist self employed veterans and encourage entrepreneurship.

At the time PL 106-50 was written, a number of federally funded programs were already in place and available to veterans. Small Business Development Centers, Procurement and Technical Assistance Centers, SCORE and Women Business Centers and yet;

Congress finds the following:

- (1) Veterans of the United States Armed Forces have been and continue to be vital to the small business enterprises of the United States.*
- (2) In serving the United States, veterans often faced great risks to preserve the American dream of freedom and prosperity.*
- (3) The United States has done too little to assist veterans, particularly service-disabled veterans, in playing a greater role in the economy of the United States by forming and expanding small business enterprises.*

- (4) Medical advances and new medical technologies have made it possible for service-disabled veterans to play a much more active role in the formation and expansion of small business enterprises in the United States.*
- (5) The United States must provide additional assistance and support to veterans to better equip them to form and expand small business enterprises, thereby enabling them to realize the American dream that they fought to protect.*

Each of the entities created by 106-50; The SBA's office of Veterans Business Development, The VA Center for Veteran Enterprise, The SBA Veterans Business Advisory Committee, The Veterans Corporation, The Veterans Representative for SCORE and all of the others, were established solely for the purpose of:

- (1) expanding the eligibility for certain small business assistance programs to include veterans;*
- (2) directing certain departments and agencies of the United States to take actions that enhance small business assistance to veterans; and*
- (3) establishing new institutions to provide small business assistance to veterans or to support the institutions that provide such assistance.*

The Veterans Corporation was established to;

- (1) to expand the provision of and improve access to technical assistance regarding entrepreneurship for the Nation's veterans; and*
- (2) to assist veterans, including service-disabled veterans, with the formation and expansion of small business concerns by working with and organizing public and private resources, including those of the Small Business Administration, the Department of Veterans Affairs, the Department of Labor, the Department of Commerce, the Department of Defense, the Service Corps of Retired Executives (described in section 8(b)(1)(B) of this Act), the Small Business Development Centers (described in section 21 of this Act), and the business development staffs of each department and agency of the United States.*

And;

In carrying out the purpose described in [PL 106-50], the Corporation shall establish and maintain a network of information and assistance centers for use by veterans and the public.

In 2004, TVC had 12 contracted resource partners delivering hands on training and entrepreneurship programs across the country. In February 2006 they consolidated to 8 regional hubs and today, they have been reduced to 3.

In the past 6 years, TVC has been through 4 Leadership changes, 4 logo changes and at least as many business models. Within the past 2 years, TVC has focused on a variety of different initiatives, each more spectacular than the last. An elaborate self paced E-Learning project, SUNY University programs, University of Maryland programs, The Veterans Economic Opportunity Fund, The TVC Governors/Mayors Advisory Council, The Veterans Business Directory, a mobile entrepreneurial resource center branded and sponsored by NASCAR, professional artists and announcers providing donated recorded PSA (Public Service Announcements) and the Virtual Business Center just to name a few. Today, none of these projects have assisted veterans and, over the years the only success stories and clients presented as accomplishments and the fruits of their labor continue to be clients of the resource centers.

The House Report (106-206) that accompanied 106-50 references the Veterans Corporation most significant single purpose is "to establish an independent nationwide network of business assistance and information centers for veterans", and Chairman Talent, on June 23, 1999 at the Mark Up Hearing for HR 1568 said the following in response to a question/comment from Congressman Pascarell. "The gentleman exposed a little secret behind this bill. I think these---the veterans assistance centers---are in effect going to empower the veterans communities to advocate effectively on their own behalf. Then you are going to see agencies and also the Congress sit up and take notice and give them a higher priority."

On September 9, 1999, Chairman Talents statement in the House of Representatives included the following in a section-by-section analysis of HR 1568 "This Section (Title II) establishes a federally chartered corporation, the National Veterans Business Development Corporation, for the purpose of guiding and monitoring public and private sector initiatives to assist the Nation's veterans in their efforts to form and grow small businesses. The most significant purpose of the corporation will be to work with the public and private sectors to establish an independent nationwide network of business assistance and information centers for veterans."

Our center represents 1/3rd of TVC's total direct access to working with clients and we are already stretched to the limit. Our center employs 2 fulltime employees, 2 part time employees and 3 volunteers. Our area spans the 6 New England states, New York and Washington, DC. We have one resource center in the Boston area and a training and counseling office at Walter Reed Army Medical Center. We have received over 200,000 dollars in donations this year including over 30 desktop computers, 15 laptop computers 7 servers and a resource library which would rival that of any small business library complete with over 300 audio and video training programs.

Over the past 4 years we have provided training and seminars to over 4000 clients from all over the country, and have developed partnerships with major companies and organizations. We have received support and donations from a wide variety of corporate and federal donors and in 2007 our funding from TVC was reduced by 20%.

TVC doesn't actually work with clients, the resource centers do. Their website is a collection of links which all lead to third party activities. TVC maintains that they should not be required to create a "4th network", what this means is that they do not believe that they should be required to support the Community based training and resource centers and in their own words are trying to "get away from [Public Law] 106-50. As you can see from my previous testimony, this corporate direction is in direct conflict with the spirit and intent of this law.

I have 4 recommendations to offer this committee as you consider reauthorizing The National Veterans Business Development Corporation;

- Remove the training mission and Professional Certification Advisory Board mission from TVC and place that mission with the SBA's office of Veteran Business Development, with the Licensing and Certification mission belonging to the Advisory Committee on Veterans Business Development.
- Have future nominees to the board of directors of the Veterans Corporation proposed to the Chairmen and Ranking Members of the Committees on Small Business and the Committees on Veterans Affairs of the House of Representatives and the Senate be recommended through the Advisory Committee on Veterans Business Affairs.
- Assign a permanent oversight committee to monitor the progress and programs of the National Veterans Business Development Corporation to insure compliance with congressional directive and Public Law 106-50.

- flagship A resource center should be created here in the DC area. This center should be established for the purpose of training, meetings and conferences and should be offered for use to the veteran entrepreneurial training community as a resource.

The resources centers created and supported by TVC (St. Louis, Flint and Boston) have made a significant impact in the area of veterans entrepreneurial development and veterans advocacy. Unless Congress has a plan to grow and support these centers independent of TVC, it would be detrimental to veterans on a national level to continue to underfund this organization.

The Committee on Veterans Business Development as well as my organization stands ready to assist this committee with detailed suggestions for these recommendations should you wish to pursue them further.

Thank you,

Louis J. Celli Jr.
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National Small Business Task Force
Department of Economics, The American Legion

Testimony of Allan D. Cain
Carthage, Texas

Hearing Before the House Committee on Small Business
Subcommittee on Investigations and Oversight

“Is the Veterans Corporation Prepared to Provide Entrepreneurial
Assistance to Service Men and Women Returning from Iraq and Afghanistan?”

May 2, 2007

Thank you, Chairman Altmire and Ranking Member Gohmert and other members of the Subcommittee for having me here today. It is an honor to testify before you.

I live in a rural East Texas town with a population of 6200. Our area is predominately in the Oil and Gas Business with very limited resources for veterans wishing to strike out into the small business world. Although I was fortunate in my entrepreneur ventures in that I had a cosigner for my first business, I have worked very closely with many East Texas veterans in the numerous organizations and positions I have been in, including the Veterans Service Officer for Panola County. I have seen first hand the helplessness that overcomes many veterans as they return to a world that has sped past them. As a combat decorated veteran I experienced the difficulties and the troubles with adjusting to fit back in a society that left me behind. I was able to finish college and enter into the workforce, but all the while coming from a three and a half year delayed start with heavy combat experiences whose effects continue to challenge me today.

As most veterans in a rural community, I had no background for business administration. I understood work and results, but conducting business with the public, navigating the complicated tax code, contracts, payroll, operating schedules, learning curve on ordering supplies vs. ordering reliable supplies, employee issues and not enough money to turn a profit was a challenge. Especially when frustration and lack of understanding cost you money that you’ve worked hard for. It can often develop into a pressure that ends up in bankruptcy and large legal tabs.

A strong work ethic coupled with a forgiving God got me through to where I am today. Most veterans I know are good at their specialty, reliable and understand pushing through, but get very lost when having to confront

starting a business, especially with little capital to put into a business while still putting food on the table at home.

I believe that in the mind of the veteran when they hear “assistance” they hear “someone is going to help me”, but instead they get such a volume of paper work in a language that is foreign to them they just lay it aside. I believe that just a small amount of help navigating the bureaucratic obstacles will go a long way in providing veterans returning from Iraq and Afghanistan with the start they need to reintegrate into our great nation.

An important first step for any organization wishing to provide assistance to returning veterans is an effective outreach program. Outreach has always been a challenge when delivering information to those who could benefit. How can everyone get the intended information? And even if they get it, they may not remember it two years from now. First, we must look at who are the targets? Where do they live? How do we get to them? Hopefully without recreating the wheel, sources could be tapped to place the information as close as possible all the while understanding fiscal restraints. In my opinion, here are a few steps of an effective outreach program.

1. Begin with the numerous lending institutions that participate or can direct a veteran to a program that will benefit the most. Get the information into the hands of those who will be in front of the veteran when they “drop by”. Don’t make it only the job of the veteran to know and understand all the options that he qualifies for
2. State Veteran Services Commissions would be a great resource for the dissemination of information. The great State of Texas has possibly the finest Commission for Veterans in the U.S. The organization has offices throughout the State and also is solely responsible for training and certifying County Veteran Service Officers. Again these are the folks who see the Veteran face-to-face.
3. Finally, there is an enormous volume of information given to transitioning veterans. This information is often overwhelming and leads to more confusion than it is worth. This information needs to be precise and distributed to the veterans from the folks that will help them transition most effectively.

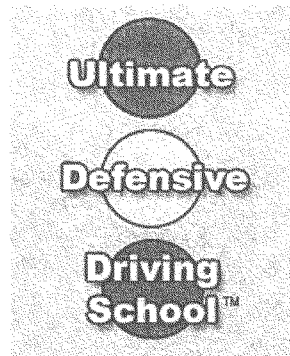
Another important step would be for an extensive education program that will be designed to give access to all veterans. In my experience, many veterans have limited resources and lack the understanding they need to truly

understand how to begin and manage a business. It is important that veterans be given the hands on learning experience that they are used to from the military.

1. Provide more internet courses. This is a very effective, especially cost effective, mode of reaching and teaching veterans. In today's technologically advanced world, many of our soldiers will be returning home from abroad with a solid understanding of computer technology. The internet will provide a fast and cheap mode of educating these veterans on making the transition into the small business world.
2. Although the internet has many benefits, there are many who are not computer literate. These folks should not be left out of the many benefits that they fought hard to preserve. We should have seminars and classes available to these people, possibly through their local veteran organizations.

While I understand that there will always be challenges in trying to reach out and provide education to returning veterans, it is a service that is owed to those who gave up many years to defend our great nation. Providing effective assistance to those returning home from abroad will not only save many veterans from years of struggle and financial hardship, but it will boost the morale of those still fighting. They will not only have family and loved ones to come home to, but they will have the tools they need to better provide for their families.

I would like to end my testimony by saying thank you to the Government of the United States of America for its gratitude to those who serve through the Military Services and Coast Guard. Without the assistance of our elected officials at the national and state level, we veterans would have a much more trying time in readjusting after giving so much. There is no other country or republic that honors and respects its veterans like the United States of America. My family and I thank you and I look forward to answering any questions you may have.



Statement of

James A. Clair
Owner/Instructor
Ultimate Defensive Driving School

Before the Hearing of the

Subcommittee on
Investigations and Oversight
Committee on Small Business

United States House of Representatives

With Respect To

“Is the Veterans Corporation (TVC) prepared to provide
Entrepreneurial Development Assistance to service men and women returning from
Iraq and Afghanistan?”

Washington, D.C.

May 2, 2007

Ultimate Defensive Driving School
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Chairman Altmire, Ranking Member Gohmert and distinguished Members of the Subcommittee, I thank you for giving me the opportunity to submit this statement for you today.

My name is Jim Clair and I am the Owner/Instructor of the Ultimate Defensive Driving School in Cranberry Township, Pennsylvania. I am here today as a Veteran, a member of the Pennsylvania Army National Guard and a small business owner to provide my assessment of the needs of the troops currently returning from Iraq and Afghanistan who are looking to pursue entrepreneurial endeavors.

I served in the United States Marine Corps from 1983 - 1987. Soon thereafter, I began working for the United Parcel Service as a driver instructor and started my family. I have two teenage children and the thought of losing one of them to an automobile accident shook me. I've always had a love for teaching and it occurred to me that that business would combine both my entrepreneurial spirit and my passion for keeping kids safe. In 2006 I decided it was time to take my knowledge, experience and skills that I had developed in the Marine Corps and during my time with UPS and apply them to my dream; to teach members of my community the skills they need to keep them and their families safe on today's roadways.

While I was turning my dream into reality, I also joined the Pennsylvania National Guard in 2006 to serve my state and country in the War on Terror. Since 2001, more than 1.4 million American service members have served in the wars in Iraq and Afghanistan, of which 17,000 of these troops represented the Pennsylvania National Guard. The Pennsylvania National Guard is the sixth largest employer in the commonwealth with 19,000 members. The Pennsylvania National Guard is one of the largest National Guards in the nation. It has the largest Army National Guard of all the states and the fourth largest Air National Guard. With armories and air bases in some 90 communities – in 52 counties – our presence blankets the commonwealth.

When I am conducting my monthly and yearly training, I see the need for a program that assists Guard and Reservists prepare their business for an almost inevitable long-term deployment. TVC, in response to the requests by Guard and Reserve business owners and Congress, is providing Reservists and National Guard members and their families with pre/post deployment assistance to preserve family-owned small businesses.

Deploy Proof Your Business is an online tool designed to help members of the National Guard and Reserve forces who own small businesses. Absences away from a business are inevitable for members of the Guard and Reserve, whether due to training on the weekend or long-term deployments. Because many entrepreneurs are unprepared to leave their businesses, they are often forced to close down without a plan or the funds in place to re-launch the business when they return.

This guide is designed to help those business owners prepare for absences from their business in advance by helping them determine the best path for their business while they are away. Whether the decision is to sustain the business or to suspend or temporarily close the business, this guide will examine the options available and teach entrepreneurs what they need to do as they prepare for deployment.

Deploy Proof Your Business includes detailed sections covering a wide range of topics affecting business owners including:

- Learning to write a deployment plan and what to include
- Protecting yourself from legal and financial issues that may arise while you are gone
- Ensuring that your employees are aware of the deployment plan and are properly trained to work in your absence or have the referrals they need to move on if you decide to suspend business
- Storing or liquidating inventory while you are away
- Comparing the fixed and variable costs of business
- Securing your business, inventory, and customer accounts
- Utilizing the latest technology to help sustain your business
- Planning to return and re-launch your business

In addition, ***Deploy Proof Your Business*** will serve as a referral guide to point Veterans to other valuable resources available, including the SBA, Department of Labor, and others. It is critical that Guard and Reserve entrepreneurs have access to the best information available to them from all resources, because every business is unique and every situation requires its own set of tools in order to make the right decision.

TVC is proud to support America's National Guard and Reserve entrepreneurs with ***Deploy Proof Your Business***.

Members of the National Guard and Reservists have shouldered a heavy load in the War on Terror. Guard and Reserve forces constitute a large percentage of those currently serving in Iraq and Afghanistan and many have experienced multiple deployments. As a Veteran of the United States Marine Corps and current member of the National Guard; I know how difficult it can be to start a business from the ground up, the real challenges facing Veteran Entrepreneurs and the obstacles that members of the Guard and Reserve face as small business owners. While I have yet to be deployed to Iraq or Afghanistan, I realize that deployment is a very real possibility and something I must prepare for as a business owner. After all, my family and the business count on it. I find comfort in knowing that there is a tool available in ***Deploy Proof Your Business*** that will prepare me in such a way that the Ultimate Defensive Driving School will be waiting for me, along with my family, upon my return.

Thank you again Mr. Chairman. This concludes my statement.

Statement for the Record

Joe Wynn, President, VETS Group
Veterans Enterprise Training & Services Group, Inc.

for the

House Committee on Small Business
Subcommittee on Investigations & Oversight

*“Is The Veterans Corporation Prepared To Provide
Entrepreneurial Development Assistance to Service Men and
Women Returning From Iraq & Afghanistan?”*

Wednesday, May 2, 2007
Rayburn House Office Building
Washington, D.C.

EXECUTIVE SUMMARY

Over the years, there have been many good laws passed in recognition and support of those that served in our Nations Armed Forces. Most of the major ones dealt with Health, Medical Care, Education, Rehabilitation, Homelessness, Housing, Dependents, and Burial Rights. But it wasn't until 1999, that Congress found that: (quote from the Findings Section of PL 106-50)

- (1) "Veterans of the United States Armed Forces have been and continue to be vital to the small business enterprises of the United States;
- (2) In serving the United States, veterans often faced great risks to preserve the American dream of freedom and prosperity;
- (3) The United States has done too little to assist veterans, particularly service-disabled veterans, in playing a greater role in the economy of the United States by forming and expanding small business enterprises,
- (4) Medical advances and new medical technologies have made it possible for service-disabled veterans to play a much more active role in the formation and expansion of small business enterprises in the United States, and
- (5) The United States must provide additional assistance and support to veterans to better equip them to form and expand small business enterprises, thereby enabling them to realize the American dream that they fought to protect."

While the framers of PL 106-50 did a good job of setting up the program in 1999 to assist all veterans interested in starting or expanding their own small businesses, it wasn't until the passage of the Veterans Benefits Act of 2003, Section 308 that the Veterans Entrepreneurship Program really began to take shape. Under Section 308, federal agencies and Prime contractors are now required to procure a minimum of all of their goods and services from service disabled veteran owned businesses (SDVOBs).

But even with both laws, it has taken an Executive Order (#13-360) from the President in October 2004, and follow-up letters in 2006 from Senator Kerry's office via the Senate Small Business Committee to get agencies to make a serious effort of making the Veterans Entrepreneurship Program a reality.

However, many Veteran Business Owners, Veteran Service Organizations, and Veteran Business Advocacy Groups view the Veterans Entrepreneurship Program as needing an organizational entity to link all of the various components and lead the charge for Veterans seeking to participate in the American Dream of Entrepreneurship, especially for our Nations' most deserving veterans: those who incurred disabilities while serving on active duty, the Guard or Reserves.

That entity, thought to have been created under PL 106-50, was the **National Veterans Business Development Corporation, aka, TVC, The Veterans Corporation.**

RECOMMENDATIONS:

1. Include veteran service organizations, community based organizations, and veteran business owners in the decision-making process regarding programs and services.
2. Establish at least one state-of-the-art training facility for veteran business owners seeking to start or expand their own small commercial or federal contracting business.
3. Share the wealth. Offer more funding opportunities in the form of grants to community based organizations targeted to veteran and veteran business owners.
4. The Board of Directors should hold at least 4 public meetings per year and not always in Washington, D.C. The veteran's community should know the Board. And Board members should participate in veteran business outreach events (whenever possible).
5. Members of the TVC Executive Staff should participate in federal acquisition council meetings with the heads of all federal agencies and report their findings back to the veteran's business community regularly.
6. TVC should serve as an advocate for veteran business owners and become more aggressive in alleviating barriers to federal contracting opportunities for veteran business owners.
7. TVC should not continue to receive millions of taxpayer dollars to implement programs that do not support the primary goals and objectives of the majority of the veteran's business community. There has to be more accountability and penalties.
8. Congress should consider appropriating funds in the form of grants to be directly awarded to community-based organizations that provide supportive services and programs for veterans seeking to become entrepreneurs. TVC could be designated as the administrator of those funds.
9. Congress should also consider adapting a program for service-disabled veterans that would be modeled after the JWOD program. Under the JWOD program, federal agencies are required to make every effort to procure their goods and services from small businesses that have agreed to hire at least 60% of their labor force from people with severe disabilities. This could prove to be a win-win for the government, service disabled veteran owned businesses, and seriously disabled veterans.
10. TVC should partner with other small business resource organizations like SBDCs, SCORE, PTACs, Office of Veterans Business Development, Veterans' Resource Centers to conduct at least 4 veteran business outreach events each year around the country.

INTRO: Chairman Altmire, Ranking Member, Gohmert and other Members of the Committee.

Let me first thank you for the opportunity to submit this statement for the record that reflects the collective views of many Veterans and Service Disabled Veteran Business Owners, veterans who served with honor, and many who received distinguished honors for displaying valor and courage during their periods of military service for this country. Though my time of service was many years ago, as a veteran of the US Air Force with the 66th Strategic Missile Squadron, I still have a very vivid memory of the military experience.

For those that swore an oath to protect our freedoms here in America, from enemies both domestic and abroad, to what do we owe them for their service? And especially those that returned with loss of limb(s), mentally disturbed, or other disabilities. Though I was fortunate and was not commanded to report to a combat zone, I do share in the experience of many men and women who survived it. I still remind myself, "If not for the grace of God go I."

PL 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999

Over the years, there have been many good laws passed in recognition and support of those that served. Most of the major ones dealt with Health, Medical Care, Education, Rehabilitation, Homelessness, Housing, Dependents, and Burial Rights. But it wasn't until 1999, that Congress found that: (quoted from PL 106-50, Findings Section)

- (1) Veterans of the United States Armed Forces have been and continue to be vital to the small business enterprises of the United States;
- (2) In serving the United States, veterans often faced great risks to preserve the American dream of freedom and prosperity;
- (3) The United States has done too little to assist veterans, particularly service-disabled veterans, in playing a greater role in the economy of the United States by forming and expanding small business enterprises.
- (4) Medical advances and new medical technologies have made it possible for service-disabled veterans to play a much more active role in the formation and expansion of small business enterprises in the United States; and
- (5) The United States must provide additional assistance and support to veterans to better equip them to form and expand small business enterprises, thereby enabling them to realize the American dream that they fought to protect.

As a result of these findings, which were supported by the Veterans Entrepreneurship Task Force, many Veteran Service Organizations, and members of the veterans community, Congress unanimously passed the Veterans Entrepreneurship and Small Business Development Act of 1999, better known as Public Law 106-50.

As we now know, that single piece of legislation offered an action plan to address the findings and created a framework for Federal Procurement Assistance for Veteran Business Owners and Military Reservists. The law directed that – the SBA, including its Small Business Development Centers (SBDCs) and the Senior Core of Retired Executives (SCORE), and the Departments of Labor and Veterans Affairs, to do more to assist veterans with starting or expanding their own small businesses. It also called for the creation of new programs and institutions, i.e., the Center for Veterans Enterprise, the Office of Veterans Business Development, and the National Veterans Business Development Corporation.

Congress also went a step further in the legislation by calling for the creation of an Advisory Committee on Veterans Business Affairs to the SBA, and a Board of Directors, from both major political parties, and appointed by the President of the United States for the National Veterans Business Development Corporation.

Having been a member of the Veterans Entrepreneurship Task Force since 1999, to oversee the creation and implementation of PL 106-50, I would have to say that the members of Congress, veterans, and others who put forth the details should be commended. Its a well-rounded plan that if implemented as intended, would get veterans across the nation into the mainstream of owning a business, entrepreneurship, and thereby building capacity to employ other veterans and disabled veterans.

However, after 7 years, many members of the veteran's business community are still hopeful that the ideals envisioned by the framers of PL 106-50 will become a reality. While the VA and its Center for Veterans Enterprise have been progressing in its design and management of a veteran's business database, the SBA is just starting to show some real signs of support. Under the leadership of the newly appointed Administrator, Steven Preston and his Chief of Staff, Joel Szabat, SBA is starting to direct real resources toward assisting veteran business owners as evidenced by the increase in staff for the Office of Veterans Business Development and their open working relationship with the Veterans Entrepreneurship Task Force, SDVOBs, and members of the Guard and Reserves.

The Veterans Corporation (TVC)

The real entity that was supposed to be the National Advocate for All Veteran Business Owners, has just not measured up to the task. Much has been said about the seemingly poor performance of the Veterans Corporation (TVC) to implement a program to assist veterans across the nation with starting or expanding their own small businesses. And seemingly, there has been even less evidence of TVC providing support for those Service-Disabled Veteran Owned Businesses participating in the federal marketplace.

TVC's performance is viewed by many as less than adequate in light of the more than \$14 million appropriated to TVC by Congress over the past 7 years. This has continued to be the big point of controversy within the veteran's community - just how much should or could have been done with that much money in 6 years. Since TVC started, it has been under the leadership of at least 4 Executive Directors, had 3 strategic plan changes, and at least 2 program changes. The staff levels have since been reduced and the service offerings are still mostly contracted out or performed by other organizations. Most of the Board members have been very distant and detached from the veteran's community and continue to be to this date.

Many veterans still do not know that the Veterans Corporation even exists, partly because they have no physical facility in the community that bears the name of the Veterans Corporation nor any public space where veterans are welcomed to come and obtain information about their services or their business needs.

By working in the veterans community for more than 17 years and as a member of several veteran service organizations, including the Veterans Entrepreneurship Task Force (VET-Force), and as President of the Veterans Enterprise Training and Services Group, here are some of the concerns I continue to receive from veterans, veteran business owners, and others familiar with TVC and Public Law 106-50.

1. The number of veterans visiting a website (hits), whether for information or education, is not a true measurement of the number of new veteran entrepreneurs, nor does it indicate the number of veteran businesses that expanded. Folks want to know did TVC do something to expand the pool of capable and qualified veteran and service disabled veteran owned businesses. And if so, who are these veteran business owners, how many are there, what types of businesses increased or were created, and where are they located?

2. There are a lot of websites on the internet that provide information about starting or expanding a small business. Is adding the TVC website to the list the big difference for veterans? The SBA has been recognized for its excellent website for providing small business information and training for years. And since PL 106-50 directed the SBA and its SBDCs to provide more services to veterans, why should TVC duplicate what is already available and funded?

There are already more than 1400 small business development centers around the country, each having access via a website and most affiliated with a college or university. The small business development centers also provide one-on-one counseling, classroom training, workshops and seminars. TVC has now endorsed the presence of 4 Veteran Business Resource Centers but since they only provide minimal funding they only have limited capacity to serve veterans. And at the rate of 4 limited centers in 6 years, how long will it take them to match the 1400 centers already in operation by the SBDCs? In addition, the number of veterans contacting these centers is counted as success instead of the number of veteran businesses started and maintained.

3. Since Congress established a 3% goal for Federal Contracting with Veteran and Service Disabled Veteran Owned Businesses, including a 3% goal for Prime Contractors. (Primes are those large businesses that have contracts over \$500,000 with the Federal Government), it's not hard to see why many veteran business owners and potential veteran business owners were looking to learn how to do business with the Federal Government. Afterall, there is no mention of a percentage goal directed toward state and local governments for veterans.

So TVC should consider developing more programs to offer assistance in federal contracting. Many members of the veteran's community viewed PL 106-50 as an inside track to federal contracting. However, from the perspective of the federal contracting community, the OSDDBUs, the Contracting Officers, and the Procurement Officials, it was just viewed as another program with a "nice idea." When veteran business owners began to pursue federal contracts they were told all too often, "PL 106-50 is just a goal. There are no teeth in it. We still don't have the mandatory authority to set contracts aside just for veterans." And with no

apparent help from TVC the veterans community turned to the Veterans Entrepreneurship Task Force (VET-Force) and other veteran service organizations.

So VET-Force, the nonprofit, informal, organization comprised of representatives from veteran service organizations, veteran business owners, and other members of the community, the group that had initiated the movement to push for and oversee the implementation of PL 106-50, began to call for additional legislation to correct the apparent shortcomings regarding federal contracting for veteran business owners.

As a result of their efforts, of which TVC representatives were always invited to participate in the planning meetings of the Task Force, corrective language was drafted and inserted into the Veterans Benefits Act of 2003 under Section 308 (PL 108-183). That language called for the creation of a Veterans Procurement Program and made it "mandatory" that the Federal Government and its Primes procure a minimum of 3% of all of its goods and services from Service Disabled Veteran Owned Businesses. Yet even after passage of this new legislation, which was obviously an extension of what was called for under PL 106-50, TVC continued to stay on the track of small business start ups with no special assistance for veteran or service disabled veteran business owners seeking to enter the federal marketplace.

4. In the winter of 2004, President Bush issued an Executive Order, 13-360, through the Office of Federal Procurement Policy and the SBA, directing federal agencies to develop and implement a strategic plan to increase contracting opportunities for service disabled veteran owned businesses so that they could begin to receive the intended benefits of PL 108-183 and PL 106-50. After several months of delay, many agencies began to develop and make public their strategic plans. But many of them would point out that: "even though PL 108-183 created a mandatory requirement to contract with service disabled veteran owned businesses, it did not provide any funding to assist with the development of veteran businesses."

So agencies and veterans turned to the Veterans Corporation for assistance with developing veteran businesses for federal contracting, only to be disappointed. There has never been and still is not a program in place under TVC to provide veteran and service disabled veteran business owners the support they need for federal contracting.

5. As part of the directives of the Executive Order, agencies were told to increase their outreach efforts to veteran business owners to make them more aware of the procurement opportunities that exist within the federal marketplace. So many agencies have been organizing procurement conferences, expos, trade shows, etc. targeted to SDVOBs. Yet the Veterans Corporation, with its \$12+ million in appropriations, has yet to organize a conference on behalf of the thousands of veteran business owners across the nation. Even after many veterans were complaining about the ineffectiveness of the Government sponsored events, TVC still never stepped up to the plate to organize a veterans procurement event from the perspective of the veteran business owners. Yet they did co-sponsor a DOD procurement event for veterans last year (by default), and planning to co-sponsor a DOE small business event this year (but not targeted to veterans). However, the VA and the Army have responded with 2 national veterans procurement conferences based on the feedback of the veterans business community and a 3rd one is already scheduled. Other agencies have since done likewise.

6. If you talk to anybody from the OSDDBUs to the contracting officers to the small business specialists to the small business owners themselves, they all will tell you that

building relationships with government customers is key and often essential to obtaining government contracts. But veteran small business owners are not unlike other small business owners when it comes to time and resources and the shortage thereof. So it becomes a challenge to track down and spend time developing relationships with potential government customers while attending to the present workload.

Since there are very few veteran sponsored conferences, the government-sponsored conferences become a way to meet several potential customers all in one place. But often what is missing is a voice of authority preceding or backing up the veteran business owner when they interact with a federal agency representative who can help clarify and reinforce the requirements of the legislation and the importance of contracting with SDVOBs. Since TVC has not been that voice, that support, that advocate, veteran business owners have turned to the Task Force.

And finally, on cash flow and access to capital. Many believed in the beginning that PL 106-50 would provide some actual cash to veteran owned businesses. TVC started to promote access to capital also. But when it became clear that direct cash loans were not included, veterans were referred to the SBAs loan guarantee programs instead.

In Summary:

The National Veterans Business Development Corporation, aka, TVC, with its more than \$14 million in appropriations, four leadership changes, and a few semi-veteran business resource centers, is still struggling to create an identity and make a difference in the lives of veteran business owners. The veteran's community needs an entity like TVC. The law created such an entity, with the idea that it would become independent of government influence, self-sufficient, and an advocate for veterans, yet stand on equal footing with other federal agencies in terms of power and prestige.

But somehow, TVC has become misdirected in its purpose. The primary emphasis on veterans in business is with the federal government right now. Only 2 or 3 states offer incentives or mandates to contracting with veteran business owners. Yet TVC offers no federal procurement training classes. And as the National organization representing veteran business owners, TVC should have by now, owned or operated at least one, state-of-the-art, veteran business training facility, highly visible and accessible, where veterans could feel a part of, learn, conference, network, and explore the concepts of entrepreneurship.

We all know that it takes resources to operate a successful program. But a program funded by the taxes of veterans who have served to keep this nation free, their families, and their communities, should be more representative of the voice of those to whom they were created to serve.

RECOMMENDATIONS:

1. Include veteran service organizations, community based organizations, and veteran business owners in the decision-making process regarding programs and services.
2. Establish at least one state-of-the-art training facility for veteran business owners seeking to start or expand their own small commercial or federal contracting business.
3. Share the wealth. Offer more funding opportunities in the form of grants to community based organizations targeted to veteran and veteran business owners.
4. The Board of Directors should hold at least 4 public meetings per year and not always in Washington, D.C. The veteran's community should know the Board. And Board members should participate in veteran business outreach events (whenever possible).
5. Members of the TVC Executive Staff should participate in federal acquisition council meetings with the heads of all federal agencies and report their findings back to the veteran's business community regularly.
6. TVC should serve as an advocate for veteran business owners and become more aggressive in alleviating barriers to federal contracting opportunities for veteran business owners.
7. TVC should not continue to receive millions of taxpayer dollars to implement programs that do not support the primary goals and objectives of the majority of the veteran's business community. There has to be more accountability and penalties.
8. Congress should consider appropriating funds in the form of grants to be directly awarded to community-based organizations that provide supportive services and programs for veterans seeking to become entrepreneurs. TVC could be designated as the administrator of those funds.
9. Congress should also consider adapting a program for service-disabled veterans that would be modeled after the JWOD program. Under the JWOD program, federal agencies are required to make every effort to procure their goods and services from small businesses that have agreed to hire at least 60% of their labor force from people with severe disabilities. This could prove to be a win-win for the government, service disabled veteran owned businesses, and seriously disabled veterans.
10. TVC should partner with other small business resource organizations like SBDCs, SCORE, PTACs, Office of Veterans Business Development, Veterans Resource Centers to conduct at least 4 veteran business outreach events each year around the country.

Thank you for your attention to these matters. This concludes my statement.

Attachment 1

Bio of Joe Wynn, President, VETS Group, Inc.

Joe Wynn, an Executive Officer of the Task Force for Veterans Entrepreneurship, an organization comprised of hundreds of veteran business owners and veteran service representatives to advocate and oversee the implementation of legislation and programs intended to create business development and procurement opportunities for veterans and service disabled veterans within the federal marketplace.

In 2004, Joe founded the Veterans Enterprise Training & Services Group (VETS Group), a nonprofit organization, providing entrepreneurial training, employment assistance, and supportive services for veterans interested in starting or expanding their own small businesses. He is now the President and Chief Executive Officer.

Joe continues to serve as a Senior Advisor for the Vietnam Veterans of America, focusing mainly on veterans preference, business development, vocational rehabilitation, employment and training; and as the Legislative Liaison and a lifetime member of the National Association for Black Veterans (NABVETS), a veteran service organization headquartered in Milwaukee, Wisconsin, delivering services to more than 65,000 veterans in various locations across the nation for over 30 years.

Joe formerly assisted the Service Disabled Veterans Business Association with its mission of providing employment and entrepreneurial opportunities for service disabled veterans under the Javits-Wagner O'Day Program (JWOD) by identifying procurement contracts for services via partnering arrangements with established business entities. For several years, as Program Manager, he was responsible for the management and oversight of the overall facilities management, operations, and maintenance services for the Dept. of Veterans Affairs.

Joe is currently a (Congressionally appointed) Commissioner on the Veterans Disability Benefits Commission; Chairman of the Armed Services and Veterans Affairs Committee for the Washington DC Branch of the NAACP; a member of the Mayor's Veterans Advisory Board for the District of Columbia; and formerly the Veterans Small Business Advocate for the SBA in the Washington Metro Area.

Military Service: Honorable Discharge from the U. S. Air Force in 1974, with the 66th Strategic Missile Squadron, Ellsworth AFB South Dakota.

Educational Attainment: Under the G.I. Bill, attended the universities of the District of Columbia and Howard. Achieved a Bachelor's degree in Computer Information Systems, a Master's degree in Business, and two years toward a Doctorate in Organizational Communications.

Personal: Joe has continued his lifetime membership at St. George's Episcopal Church in Washington DC, and is married to Margaret E. Wynn. Together they have five children and 7 grandchildren.